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The Soviet Union immediately withdrew from the talks and adopted a very strong countermeasure of increasing its medium- and short-range nuclear power in Europe.

The Soviet Union and the United States reopened their talks in March 1985. These are a "package" of talks in Geneva that include space weapons, strategic nuclear weapons, and medium-range missiles. There have been seven rounds of such talks so far. During the previous rounds of talks, both sides still had serious differences of opinion on the issue of medium-range missiles. These differences are mainly as follows: The Soviet Union tried to freeze or reduce SS-20 missiles in exchange for the United States stopping the deployment of medium-range missiles in Europe, whereas the United States insisted on either dismantling all of the U.S. and Soviet medium-range missiles or on each maintaining the same number of medium-range missiles; the Soviet Union suggested placing British and French medium-range missiles within the restrictions provided by the talks, whereas the United States objected to this, maintaining that the U.S.-Soviet talks could not involve other countries; and the Soviet Union also proposed that the talks on medium-range missiles should involve the European region and that the Asia problem could be settled separately, whereas the United States favored a worldwide balance of medium-range missiles between the two sides.

At the U.S.-Soviet Iceland summit, both sides made major progress on the issue of medium-range missiles and basically reached unanimity of opinion. However, as the Soviet Union insisted on relating the issue of medium-range missiles with the problem of space weapons, the talks broke up in discord.

The new Soviet suggestion has put an end to the stalemate in the U.S.-Soviet disarmament talks since the Iceland summit. As analyzed by world public opinion, there are many reasons why the talks on medium-range missiles have turned for the better. The first is that the Soviet Union wants to take the issue of medium-range missiles as a breakthrough point in pushing forward the U.S.-Soviet disarmament talks, with the goal of slowing down the U.S. arms expansion and reducing the heavy Soviet burden in the arms race. After the formulation of the "speeding up development strategy" at the 27th CPSU Congress, the Soviet Union began to attempt to strengthen its position in the contention with the United States through developing its science, technology, and economy. It hoped to control the pace of the arms race by reaching a disarmament agreement through negotiations. However, this did not come true at the Iceland summit, and it seemed impossible for the Soviet Union to resolve the three problems of space weapons, strategic nuclear weapons, and medium-range nuclear weapons at one stroke. Under such circumstances, the Soviet Union chose the issue of medium-range missiles as a breakthrough point in pushing forward their talks.

The second reason is that the United States wants to conclude an agreement before the U.S. presidential election for the purpose of maintaining the channel of negotiations and laying a foundation for future agreements. There is not much time left until the 1988 presidential election. Once a fierce competition starts between the Republican and Democratic Parties, the Reagan administration will have no time to consider other problems. Moreover, when the new administration assumes office, it is unlikely that it can seriously engage in disarmament negotiations, because it will concentrate its efforts on domestic affairs during the 1st and 2nd years. On the part of the Soviet Union, if it cannot conclude any agreement with the United States, it would mean a loss of 2 to 3 years. For the United States, because the Reagan administration is in a passive position as a result of the Iranagate incident, it also hopes to accomplish something in the diplomatic field and strives to reach an agreement on medium-range missiles, with the goal of holding a summit with the Soviet Union and improving its own position.

On the part of Western Europe, although West European countries are worried that they will be under the threat of the Soviet conventional military forces and short-range missiles if the United States withdraws its medium-range missiles from Western Europe, they will hope that the Soviet Union and the United States can conclude an agreement on reducing medium-range missiles in Europe to relax the military confrontation of the two superpowers in Europe. The Soviet Union was aware of this point and made the above concession in the hope of expanding U.S.-European contradictions and relaxing Soviet-European relations.

West European countries generally welcomed Gorbachev's new suggestion. In their opinion, his suggestion is an "important, positive measure," an "essential step" in the disarmament issue, and "paves the way" for concluding an agreement on medium-range missiles between the United States and Soviet Union. The United States also made a positive response, saying that the suggestion indicated a "positive development trend."

Gorbachev's new suggestion has made it more possible for the Soviet Union and United States to conclude an agreement on medium-range missiles in the near future. But we should also understand that the talks on medium-range missiles will not be smooth sailing. Many contradictions and differences of opinion remain to be resolved between the United States and Soviet Union and between the United States and Europe. First, the United States and Western Europe need to reach unanimity of stand on the issue of defense, and Western Europe wants a U.S. guarantee before it agrees to the United States signing an agreement with the Soviet Union. Second, although in principle the Soviet Union agrees with on-the-spot nuclear verification, it is difficult to predict whether it will completely accept U.S. demands. Third, the United States and the Soviet Union will engage in fierce bargaining over how to resolve the Soviet superiority of conventional forces and short-range missiles after the elimination of medium-range missiles in Europe.

In conclusion, a heated debate will occur between the Soviet Union and the United States over the deployment of 100 medium-range missile war heads in Asia by the Soviet Union and another 100 on American soil by the United States. This will also involve the security of Japan, China, and other Asian nations. Many Asian countries, and some Western nations, point out that the elimination of medium-range missiles should not be restricted to Europe only and that the medium-range missiles deployed in Asia should also be reduced and finally eliminated according to the same principle. Therefore, the trend of the future U.S.-Soviet talks on medium-range missiles merits close attention.

COMMENTARY VIEWS SINO-U.S. ECONOMIC RELATIONS

HK120323 Beijing GUOJI SHANGBAO in Chinese 28 Feb 87 p 1

[**"Short Commentary": "Make Efforts To Continuously Develop Sino-U.S. Economic and Trade Relations"**]

[Text] The year 1987 is the 15th anniversary of the publication of the Sino-U.S. Shanghai Communique and is also the 8th year after the establishment of the diplomatic relations between the two countries.

On the road of the development of Sino-U.S. economic and trade relations, we have scored achievements which warrant congratulations and at the same time, encountered many difficulties and complications in the course of contacts between the two countries. What is important is that we have found vast vistas for cooperation that are worth the efforts of both parties. To further promote economic and trade cooperation between the two countries, it is essential to fully understand and attach importance to the following aspects:

First, it is imperative to fully understand the important role of expanding China's exports to the United States in bilateral economic and trade relations.

On this account, if the U.S. market can reduce restrictions on China's commodities and make things convenient for China's export and if, at the same time the business circles of both parties regard how to help China strengthen its ability to expand exports as an important content of cooperation, this will be of extremely important significance to the expansion of U.S. commodities entering China's market and to the development of the economic and trade relations of both parties.

Second, the United States must further readjust its economic and trade policies toward China and ensure that two things:

1. It must forsake, as soon as possible, its discrimination against China's commodities in tariff preference and give China a preferential duty (this is, GSP treatment) which a developing country should enjoy.
2. To strengthen the marketability of U.S products, the United States must enhance the comprehensive competitive power of its export conditions.

Third, U.S. technology transfer to China urgently awaits relaxation. We have noticed that the U.S. Government has taken certain measures over the past few years to relax technology export. However, judging from the practical situation in technology trade between both parties, the current U.S. measures for the management of technology export are still very strict, which affects the normal progress of trade between both parties.

Not long ago, President Reagan instructed the Cabinet that U.S. policies of technology transfer must be further examined and some unnecessary controlling measures, which practically place restrictions on the United States participating in international competition, forsaken. At the same time, he also mentioned the problem of relaxing technology transfer to China. These motions of the U.S. side have no doubt been welcomed by China's trade circles. It is hoped that this relaxation of policies will produce effects soon.

CHINA, MONGOLIA WORKING ON BORDER AGREEMENT

OW131029 Tokyo KYODO in English 1022 GMT 13 Mar 87

[Text] Beijing, March 13 KYODO -- China and Mongolia have begun talks here aimed at concluding an agreement on means for peacefully settling possible disputes along the two countries' shared border, Eastern block diplomatic sources said Friday.

The two countries have exchanged drafts embodying proposals on how to handle matters when violations or other unexpected incidents occur at the border, and they are expected to sign an agreement within this year, the sources said.

It is feared that border disputes could arise between the two countries as Soviet forces presently in Mongolia are withdrawn, the sources said.

The Soviet Union earlier announced that it will withdraw a division of its troops from Mongolia between April and June.

The withdrawal represents about 20 percent of Soviet troop strength in Mongolia, estimated at around 75,000.

High-level talks between China and Mongolia were held in Ulaanbaatar last August for the first time since the 1960s when Sino-Soviet relations deteriorated.

China has invited Mongolian Foreign Minister Mangalyn Dugersuren to visit China and a second round of talks for the normalization of bilateral relations will be held in Beijing this coming September between Mongolian Vice Foreign Minister D. Yondon and his Chinese counterpart Liu Shuqing, according to the sources.

Border talks between China and the Soviet Union resumed in February in Moscow after a nine-year lapse.

Meanwhile, a United States Government team Wednesday entered Mongolia via Beijing to conduct basic studies for the construction of a U.S. Embassy in Ulaanbaatar, according to the sources.

The United States and Mongolia established diplomatic relations in January.

CHEN MUHUA MEETS JAPANESE INSURANCE COMPANY HEAD

OW111056 Beijing XINHUA in English 1047 GMT 11 Mar 87

[Text] Beijing, March 11 (XINHUA) -- Chen Muhua, Chinese State Councillor and governor of the People's Bank of China, met with Gentaro Kawase, president of the Nippon Life Ins. Co. of Japan, and his party here today.

The Japanese visitors are visiting China as guests of the People's Insurance Company of China.

The Nippon Life Ins. Co, one of the largest in the world, will officially open its liaison office in Beijing tomorrow.

At the meeting, Chen said the establishment of the Liaison office by the Japanese company in Beijing will help promote Japan's investment in China, adding that "it is also a very wise decision."

Kawase expressed his conviction that the friendly cooperation between his company and its Chinese counterparts will surely expand further.

ENVOY CONVEYS ZHAO REGARDS TO DPRK PREMIER

OW111633 Beijing XINHUA in English 1622 GMT 11 Mar 87

[Text] Pyongyang, March 11 (XINHUA) -- The newly-elected Premier Yi Kun-mo of Democratic People's Republic of Korea (DPRK) pledged today to strive for further enhancement of the friendly and cooperative relations between the Chinese and Korean peoples.

At a courtesy call made by the Chinese Ambassador Zong Kewen, Premier Yi also praised the Chinese People's adherence to the four cardinal principles (Marxist-Leninist-Mao Zedong Thought, the socialist road, the leadership of the party, and people's democratic dictatorship) as well as Chinese achievements in socialist construction.

During the meeting, the Chinese ambassador conveyed Chinese Premier Zhao Ziyang's regards to Premier Yi and in return Premier Yi asked the Chinese ambassador to give his regards to Chinese Premier Zhao Ziyang.

PHILIPPINE OFFICIAL LAUDS PRC TRADE ACCORD

OW051112 Beijing XINHUA in English 1050 GMT 5 Mar 87

[Text] Manila, March 5 (XINHUA) -- Philippine Secretary of Trade and Industry Jose Concepcion said here today that the trade relations between China and the Philippines have tremendous potentials.

Interviewed by XINHUA a day after the signing here a trade protocol for 1987 between the two countries, Concepcion said as China maintains its continuous economic growth rate, it would require many products.

Likewise, he said, as the Philippines is industrializing, it will have to buy many products from China in order to provide materials for its industry.

The protocol, Concepcion said, is the first signed between the two countries since the founding of the Aquino government February 25 last year. "It will bring new thrust and dimensions to our trade relations," he said.

The trade secretary said the protocol is a step to the right direction. Besides promoting trade, it will also narrow the trade gap between the two countries, he added.

He pointed out that over the past ten years, trade imbalance on the side of the Philippines in bilateral trade was close to one billion U.S. dollars. However, he said, there has been a determination as well as understanding on both sides to narrow the gap and to help provide jobs in the Philippines.

On barter or counter trade between the two countries, the trade secretary said, "Once we achieve the trade balance between our two countries, the counter trade is a very good vehicle by which we can buy products that we need without using hard currency but by paying the same in kind."

ROUNDUP REVIEWS AQUINO'S FIRST YEAR IN OFFICE

OW250850 Beijing XINHUA in English 0748 GMT 25 Feb 87

["Roundup: Aquino Government's First Year in Office (by Zhai Shuyao)" -- XINHUA headline]

[Text] Manila, February 25 (XINHUA) -- Philippine President Corazon Aquino has resolved in her first year in power a major issue confronting her government -- political legitimacy, but the insurgency and economic recovery remain her government's challenging problems.

The solution of these three problems was promised by President Aquino when she assumed power in a civilian-backed mutiny on February 25, 1986, to oust former President Ferdinand Marcos.

Now, as she marks her first year in power, Aquino has consolidated her rule by the ratification of the 1986 Constitution in the February 2 nationwide plebiscite.

The ratification of the new Constitution ushered in the transformation of Aquino's "transitional government" to a constitutional one, although severe challenges from opposition parties still remain.

The president helped Filipinos to throw off the yoke of authoritarianism by abolishing the Marcos-controlled National Assembly, replacing national and local government officials with those supporting her policy.

She successfully survived at least three military coups by either followers of Marcos or those of former Defense Minister Juan Ponce Enrile.

The ouster of Enrile, the president's chief political rival, from the cabinet last November, helped Aquino to overcome the most serious cabinet crisis and achieve teamwork of her administration.

However, the president's peace talks with the National Democratic Front (NDF), a coalition of the Communist Party of the Philippines and other political groups, have collapsed.

After a 60-day ceasefire with the government, NDF negotiators refused to continue the peace talks following the killing of 18 peasant demonstrators by the security troops on January 22. Then armed conflicts started again.

Although the president has succeeded in obtaining ceasefire with the Moro National Liberation Front army based in the southern island of Mindanao, the peace talks are threatened by factional conflicts among the three Muslim groups. It is quite uncertain whether the 14-year old insurgency of Muslims for self rule can be solved peacefully.

Other destabilizing factors, such as the high crime rates, graft and corruption in the bureaucracy, also exist.

Political analysts here believe the most serious challenge seems to come from the military. Only 60 percent of the 250,000-member armed forces voted for the new Constitution during the plebiscite.

Although President Aquino has held dialogues with middle-level officers to improve the fragile civilian-military relations, grievances among soldiers about the government's investigations of their violations of human rights remain.

In economy, President Aquino's government has managed a 0.13 percent GNP growth in 1986, the first positive growth rate in the past three years. The government has also succeeded in maintaining a single digit inflation rate, keeping a stronger peso and low interest rates.

However, the rate of chronic unemployment remains high and the general performance of the national economy sluggish. There is also a crying clamor for land reform among the rural population.

The problems of poverty and a foreign debt totaling 27 billion U.S. dollars remain unsolved.

In an attempt to obtain assistance, both economical and political, the president has visited Indonesia, Singapore, the United States and Japan. These visits resulted in 500 million U.S. dollars' aid for 1986 to the nation. But inflow of foreign investments is slow.

Observers here predict that the Aquino government will still have to stand severe tests before it can fully fulfill its three promises -- to achieve political stability, solve the insurgency problem and recover the economy.

XINHUA COMMENTARY SURVEYS PAKISTANI-AFGHAN TALKS

OW121152 Beijing XINHUA in English 1143 GMT 12 Mar 87

["Commentary: Stumbling Blocks in Pakistani-Afghan Indirect Talks (by Tang Tianri)" --
XINHUA headline]

[Text] Beijing, March 12 (XINHUA) -- The latest round of indirect talks between Pakistan and Afghanistan ended in Geneva Monday with no agreement on a timetable for the withdrawal of Soviet troops from Afghanistan.

Diego Cordovez, personal representative of the United Nations general secretary, mediated discussions on a timetable for the Soviet pullout.

According to Cordovez, some progress was made during the 13-day talks in narrowing the differences over the issue of fixing a timeframe for the Soviet troop withdrawal.

The Soviet-backed Kabul regime proposed a 22-month deadline for the Soviet withdrawal, while Pakistan insisted on a time limit of 4 to 6 months.

Pakistan last May urged a withdrawal of Soviet forces in three months time after a United Nations peace plan was signed, while Kabul agreed to a four-year period. Last August Kabul modified their stand by proposing a timetable of three years.

A spokesman of the Pakistan Government declared yesterday that the Soviet troops should move out in a matter of months, not in years.

The U.N.-sponsored indirect talks began in 1982 to seek a solution to the Afghan problem by peaceful means.

Several rounds of talks held over the past five years discussed four aspects of a proposed comprehensive solution: mutual non-interference between Pakistan and Afghanistan, international guarantee by the United States and the Soviet Union, return of Afghan refugees residing in Pakistan, and Soviet troop withdrawal.

Pakistan and Afghanistan have agreed in principle on the first three matters but differ on the key issue of the Soviet pullout.

Their differences seem to be focused on the time limit. In fact, the disputes involve matters of principle. The Afghan side had tried hard to obstruct the progress of the Geneva talks by insisting that guarantee came first and withdrawal second. At one time it argued that Soviet pullout is a matter concerning Moscow and Kabul only, not an issue for discussion with any third country, and then it said the question can be dealt with only through direct talks between Pakistan and Afghanistan.

No sooner had the latest round of talks started than warplanes of the Kabul regime bombed Pakistan border areas, killing some 100 people.

Meanwhile, Moscow repeatedly claimed that without a "coalition government" and ceasefire in Afghanistan, it would be difficult to reach agreement at the Geneva talks. The Soviet Union also rejected a call to discuss how to make Afghanistan a neutral state, insisting that the present regime it installed in Kabul should be the mainstay in the proposed "coalition government".

It was reported that the Geneva Indirect talks would reopen in two months. Observers maintain that any substantial progress in the talks hinges on the sincerity of the Soviet Union and the Kabul regime in removing the stumbling blocks they have laid and implementing the U.N. resolutions on Afghanistan.

NEPALESE MINISTER HOSTS OUTGOING PRC AMBASSADOR

0W011937 Beijing XINHUA in English 1924 GMT 1 Mar 87

[Text] Katmandu, March 1 (XINHUA) -- Nepalese Foreign Minister Sallendra Kumar Upadhyaya said here today that the relations between Nepal and China are marked by mutual trust, deep understanding and profound goodwill.

At a farewell dinner in honor of Tu Guowei, the outgoing Chinese ambassador to Nepal, the minister said that both Nepal and China belong to the Third World and believe in the five principles of peaceful co-existence.

"They share similar views on several issues concerning peace and international cooperation and development," he noted.

The minister appreciated China's support for Nepal's zone of peace proposal and the assistance for the development of Nepal.

He expressed his confidence that cooperation between the two countries will be further expanded in the years to come.

The Chinese ambassador said that to further strengthen bilateral relations is the common aspiration of the two peoples and is in line with the fundamental interests of the two countries.

He added that he is full of confidence that the friendship between the Chinese and Nepalese people will continue from generation to generation.

Received by King

0W031940 Beijing XINHUA in English 1457 GMT 3 Mar 87

[Text] Katmandu, March 3 (XINHUA) -- King Birendra of Nepal today highly appreciated and expressed his satisfaction with the development of the relations between Nepal and China thanks to the two sides' adherence to the five principles of peaceful co-existence.

The king made his expression when he received outgoing Chinese Ambassador Tu Guowei at the royal palace here this afternoon.

The king said that he was very happy to have hosted Chinese President Li Xiannian's state visit to Nepal in 1984 and he liked to visit China as early as possible.

He noted that the exchange of visits by the two countries' leaders would be useful for the exchange of views or matters of mutual interest and the strengthening of the relations between the two countries.

Nepalese Prime Minister Marich Man Singh Shrestha also met the Chinese ambassador at his office this morning.

MANUFACTURING FIRMS TO TAKE PART IN HANOVER FAIR

OW121241 Beijing XINHUA in English 1154 GMT 12 Mar 87

[Text] Beijing, March 12 (XINHUA) -- China's manufacturing firms and Sino-foreign joint ventures will display their top-of-the-line machinery and technology at the Hanover Fair, April 1-8.

Before his departure to the Federal Republic of Germany, head of the Chinese delegation Lu Fengchun told XINHUA, "China will attend the fair as a partnership country for the first time, and its pavilion will cover 2,370 square meters, the largest among this year's 32 exhibitions."

Chinese exhibits on display will include machinery and equipment, and products and technology from the electronics, metallurgical, non-ferrous metallic, chemical, aeronautics, aviation and shipbuilding industries. Display items are provided by dozens of manufacturing firms including the China Great Wall Industry Corporation, involved in satellite launching; the China Precision Machinery Import-Export Corporation, which deals in tactical missiles and related technology; the China National Electronics Import-Export Corporation; the China National Shipbuilding Corporation; and the China Machinery and Equipment Import-Export Corporation.

According to Lu, during the fair, symposiums will be held on China's current investment situation, and some projects seeking overseas cooperation will be announced.

"About 200 potential projects for overseas cooperation will be listed at the fair by representatives from Shandong, Anhui and Shanxi Provinces, and Shenyang and Harbin cities," Lu said, adding the China North Industries Corporation, the Chemical Construction Corporation, and the China Economic and Technological Investment Corporation will also publicize projects.

"Projects will be available in the metallurgical, machine-building, electronics, mining, food processing, chemical, building materials, textile and light industries," he added. Tourist departments from Sichuan, Yunnan and Guizhou provinces will also spotlight their historical and tourist spots at the fair. Lu also announced, "The Chinese Government will send a delegation to visit the fair and tour some places of interest in the Federal Republic of Germany." The Hanover Fair is one of the world's largest industrial and technological fairs, with more than 60 countries participating this year. Since 1980, the fair has annually invited one developing country as a partner, in a bid to promote export business in developing countries.

KANG KEQING MEETS PCI WOMEN'S DELEGATION

OW121241 Beijing YINHUA in English 1234 GMT 12 Mar 87

[Text] Beijing, March 12 (XINHUA) -- Kang Keqing, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference, met with a women's delegation from the Italian Communist Party here this evening.

Led by Paola Botteni, member of the Central Committee, secretary and Women's Committee chairman of the Emilia-Romagna Region of the Italian Communist Party, the delegation arrived here yesterday, being the first women's group from the Italian Communist Party to China. At the meeting, Kang, who is also president of the All-China Women's Federation, briefed the visitors on China's political and economic situation as well as on Chinese women. Kang said that more exchange of visit between the two sides would promote mutual understanding and friendship.

Bottoni conveyed the best regards to Kang on behalf of all women members of the Italian Communist Party. She also told Kang about the role of the Italian women in the political and economic life and in safeguarding world peace. Kang gave a dinner in honor of the delegation after the meeting.

LI PENG MEETS FRENCH EDUCATION DELEGATION

OW121202 Beijing XINHUA in English 1145 GMT 12 Mar 87

[Text] Beijing, March 12 (XINHUA) -- Chinese Vice-Premier Li Peng met here today a French education delegation led by Rene Monory, minister of national education.

Li Peng and Rene Monory exchanged views on strengthening educational contacts between the two countries. Li said that opposition to bourgeois liberalization in China will not change its policy of opening to the outside world, as well as its practice of sending students to study abroad. The French delegation came to visit China at the invitation of the State Education Commission.

China began to send students to study in France in 1964. Up to now there are over 1,600 Chinese students studying in France. 71 French students are now studying in over 20 universities and colleges in ten Chinese cities. Besides, 26 French scholars are teaching in 15 universities and colleges in China, while six Chinese teachers are teaching Chinese language in four universities and one middle school in France.

CHEN PIXIAN MEETS CYPRIOT PARTY DELEGATION

OW101338 Beijing XINHUA in English 1327 GMT 10 Mar 87

[Text] Beijing, March 10 (XINHUA) -- Chen Pixian, member of the Secretariat of the Chinese Communist Party Central Committee, today met a delegation from the Cypriot Progressive Party of the Working People which arrived here this morning to discuss the resumption and development of the relations between the two parties. The delegation is headed by Andreas Fandis, member of the Political Bureau and the Secretariat of the Cypriot Party Central Committee. During the meeting, Chen and Fandis expressed the hope that the talks between the two sides beginning tomorrow will be successful. Chen, also vice-chairman of the National People's Congress Standing Committee, briefed the visitors on China's political and economic development. The meeting was followed by a dinner given by Chen in honor of the visitors.

CSSR MINISTER TALKS WITH PRC'S WU XUEQIAN

AU121136 Prague RUDE PRAVO in Czech 9 Mar 87 pp 1,6

[CTK report: "On the Stay of an Important Chinese Representative in the CSSR; Positive Trend in Strengthening Relations"]

[Text] Talks between Bohuslav Chnoupek, CSSR minister of foreign affairs, and Wu Xueqian, member of the CPC Central Committee Politburo, member of the PRC State Council, and PRC minister of foreign affairs, were held at the Cernin Palace in Prague on 7 March. The two representatives informed one another about the successes of socialist construction in their two countries, about the fulfillment of the strategic line of the congresses of the two Communist Parties in the acceleration of socioeconomic development, and assessed topical issues of Czechoslovak-Chinese relations. They also assessed the current international situation, and exchanged views on global international political problems.

The talks, conducted in a comradely, friendly, and constructive atmosphere, continued upon the results of the CSSR minister of foreign affairs' visit to China last December. In this context, the two ministers concentrated on the concretization of adopted obligations and agreements in the interest of further intensifying Czechoslovak-Chinese cooperation. They noted that the 3-month period since their latest meeting has been one of concrete fulfillment of the common endeavor in the interest of the development of the two states and of their contribution to building a peaceful world free of the threat of nuclear weapons, strengthening the positions of socialism in the world, and enhancing its attractiveness to all mankind. In this connection, the two sides valued the exceptional importance of the January session of the CPSU Central Committee, which is resolving a package of issues common for socialist construction in all socialist countries.

Minister Chnoupek informed his counterpart about the fulfillment of the 17th CPCZ [Communist Party of Czechoslovakia] Congress resolutions and the topical issues of the restructuring of the economic mechanism and other spheres of the Czechoslovak society's life. He stressed the importance of the grandiose and historical changes underway in the USSR, which our people, the party and the state leadership fully support.

Speaking about Czechoslovak-Chinese cooperation, he noted that it has been dynamically growing in all spheres of late. The planned visit by CSSR Premier Lubomir Strougal to China, and the visit by Zhao Ziyang, acting CPC Central Committee general secretary and chairman of the PRC State Council, to Czechoslovakia in the first half of the year will, without doubt, provide new impetuses for further deepening cooperation. Bohuslav Chnoupek further valued the high level of preparations of projects of expanded economic cooperation between the two countries. He favored the resumption of contacts between the parliaments and social organizations, and of friendly relations between regions and districts of the CSSR and the PRC. He also stressed the interest in a speeded up conclusion of an intergovernmental aviation agreement.

In the sphere of foreign policy, he paid particular attention to the bold, innovative initiative of the USSR aimed at eliminating intermediate-range missiles in Europe and substantially reducing them in Asia, which paves the way for resolving all fundamental issues connected with the problem of strategic weapons, strengthening the regimen of the observance of the treaty on antimissile defense, and reducing armed forces, conventional armaments, chemical, and other weapons of mass destruction. He drew attention to the need to search for ways of resolving regional problems. In this connection he supported the line of the government of the Democratic Republic of Afghanistan for national reconciliation, and favored the establishment of a dialogue between the PRC and the SRV on the issue of Kampuchea.

In his speech Wu Xueqian supplied extensive and frank information about the current stage of socialist construction in the PRC. He devoted himself in detail, above all, to the developments in the past 3 months, when important domestic political changes occurred. He explained the significance of the second expanded session of the CPC Central Committee Politburo last January, which assessed the development so far and determined new directions in solving the country's socialist construction. He drew attention to the economic reform in the PRC and the ongoing democratization of internal life, while at the same time combatting bourgeois liberalism by political means. He stressed the importance of long-term education and ideological work for achieving desirable changes. He described the acceleration of the socioeconomic development and restructuring of society in the PRC as a political issue.

Wu Xueqian also highly valued the achieved level of Czechoslovak-Chinese relations and expressed the conviction that the talks to be held between high Czechoslovak and Chinese representatives in the months to come will contribute to their intensification.

Wu Xueqian described the international situation as very complex and favored the resolution of all problems by peaceful means. He welcomed the USSR proposal for the elimination of intermediate-range missiles in Europe and their substantial reduction in Asia, and expressed the hope that the USSR and the United States will arrive at an agreement on this issue.

Speaking about the situation in Asia and the Pacific, he condemned Japan's dangerous militarist course, especially in connection with exceeding the permitted limits of the military budget in that country. He affirmed the indivisibility of peace and security of Asia and Europe, and noted the positive role played by the USSR initiative for the elimination of the intermediate-range missiles in Europe and the substantial reduction of them in Asia.

BULGARIAN TV INTERVIEWS WU XUEQIAN BEFORE VISIT

AU122107 Sofia BTA in English 2025 GMT 12 Mar 87

[Text] Sofia, March 12 (BTA) -- "The principal goal of China's foreign policy is to struggle together with all countries and peoples in the world for the prevention of war and for the maintenance of world peace," said the Chinese Foreign Minister, Mr Wu Xueqian, in an interview for Bulgarian television which was aired tonight.

Mr Wu set forth his country's position on a fair settlement of all regional conflicts in the world through peaceful negotiations and not by military force. China welcomes the Soviet-American talks in Geneva and hopes that they will produce a concrete agreement, the chief Chinese diplomat said. He declared himself against militarisation of outer space and expressed hope that an international convention will be signed on the peaceful uses of outer space.

Mr Wu Xueqian said his country had made satisfactory progress in its relations with the European socialist countries over the last two years. This has become possible because of the mutual respect in political relations and of the mutual benefit in economic ties, he said.

Mr Wu Xueqian discussed at length his upcoming trip, which will be the first official visit ever paid to Bulgaria by a Chinese foreign minister. He pointed out that his meetings and talks in Sofia will be important for getting to know each other better, and he added that Sino-Bulgarian relations are having their most dynamic period in their history this year.

ROUNDUP DISCUSSES MIDDLE EAST PEACE CONFERENCE

HK101129 Beijing RENMIN RIBAO in Chinese 7 Mar 87 p 6

[Roundup by Zhu Mengkui (2612 1125 7608): "New Developments in Middle East Peace Talks Situation"]

[Text] Recently, prospects for an international conference on peace in the Middle East have been improving. Anxious to convene the conference as early as possible, some countries and organizations have made renewed efforts, with some success, thus enlivening the atmosphere for Middle East peace talks.

The idea of an international conference on the Middle East issue was introduced in 1984. In February 1985, Jordan and the PLO signed an agreement that calls for an international conference, with the five permanent members of the UN Security Council and the Middle East parties concerned participating, to thoroughly settle the Arab-Israeli conflict and the Palestinian issue. However, as one of the major parties to be present at any Middle East peace talks, Israel has always rejected Middle East peace proposals. The Likud has always ignored the proposal for a Middle East peace conference and disregarded PLO representation and the Palestinians' national rights to self-determination. This is the main reason why no progress has been made in the Middle East talks for a long time.

In recent years, as a result of increasing pressure from both international and internal public opinion, Israel's Labor Party has been calling for a more flexible attitude toward the proposal for an international conference on the Middle East issue. In late February, after Shamir began his U.S. visit, Israeli Foreign Affairs Minister Peres visited Cairo, where he separately held talks with Egyptian Foreign Affairs Minister 'Abd al-Majid and President Mubarak on how to bring about peace in Middle East. At the end of Peres' visit, the two sides issued a joint communique in which they agreed to convene an international conference on Middle East issues this year, in accordance with the UN Security Council's Resolutions 242 and 338, and to organize direct talks between all parties concerned. As the first agreement reached between Egypt and Israel on an international conference on the Middle East issue, this has drawn worldwide attention.

At the same time, people are aware that the U.S. attitude toward Middle East talks has changed recently. Last month, during Shamir's U.S. visit, President Reagan urged Israel to agree to an international conference on the Middle East issue, suggesting that "all reasonable means, including an international conference, should be given consideration." Over the past 2 years, compared with the Soviet Union, which is diplomatically very active in Middle East, the United States has appeared somewhat passive. The reason is simply that it has always endorsed the Israeli position, stressed that direct talks between the Arabs and Israelis are the only way to settle the Middle East issue, and objected to an international conference on the Middle East issue. Naturally, the Arab countries are strongly against this. Observers have suggested that the U.S. motive behind the change in its attitude toward an international conference on the Middle East issue stems from a desire to mend relations with the Arab countries following the exposure of the U.S.-Iranian secret arms deal. In addition, observers speculate that the U.S. intends to play a dominant role in Middle East affairs again.

The Soviet Union is unwilling to be kept away from Middle East peace talks. Over the past years, the Soviet Union has been vigorously calling for an international conference, with itself as one of its participants, on peace in Middle East. [paragraph continues]

In addition, with its attention focused on Middle East peace talks, it has also tried to expand its influence and to bring an end to U.S. monopolization of Middle East affairs by concentrating its diplomatic efforts on the Arabs and Israelis. On 20 February, Soviet leader Gorbachev sent a letter to the conference of foreign ministers of the 12 members of the European Community, in which he reiterated the Soviet proposal for an international conference on peace in the Middle East. His letter was met with a positive response. [paragraph continues]

On 23 February, the conference of the EC foreign ministers issued a joint communique agreeing to an un-chaired international conference on peace in the Middle East and suggesting that participants in this conference should "include all parties that can directly contribute to peace and economic and social development in that part of the world." This implies that the PLO should be accepted as one of the equal parties to participate in any Middle East peace conference. Since the issuance of this communique, Syria has raised objections, but the PLO and some Arab countries have indicated their approval. Chairman Arafat of the PLO Executive Committee hopes that this international conference will be held in June.

However, various parties hold different views as to the form and purposes of this international conference. The Arabs think that the purpose of an international conference on Middle East affairs should be to secure support and recognition from the international community for reasonable and viable plans for bringing about peace in the Middle East. Thus, Egypt, Jordan, and the PLO have suggested that the five permanent members of the UN Security Council should also participate in this conference. However, Israel has suggested that Israel and the Arab parties concerned should hold direct talks within the conference and that the Soviet Union can participate provided that it lifts restrictions on emigration and resumes Soviet-Israeli diplomatic relations. Within the Israeli coalition government, the quarrel between Peres and Shamir over this matter is becoming increasingly heated. Shamir blames Peres, saying that he is not authorized to agree to an international conference on the Middle East issue. Peres has answered that neither of "us has the authority to reject an international conference on the Middle East issue."

It can be seen that although the views of various parties on an international conference on the Middle East issue are beginning to converge, there are still significant differences among them. The road toward Middle East peace talks is a long and winding one.

OBSERVER SENT TO DOHA ARAB RED CROSS CONFERENCE

0W051133 Beijing XINHUA in English 1058 GMT 5 Mar 87

[Text] Beijing, March 4 (XINHUA) -- Amir of Qatar Shaykh Khalifah Ibn Hamad al Thani yesterday met all the heads of delegations participating in the 18th Arab Red Crescent and Red Cross Societies Conference in his office, according to a report reached here today.

Qu Zhe, deputy secretary-general of the Chinese Red Cross was also among the heads of delegations. Qu Zhe, heading a Chinese delegation, will participate in the conference as an observer. The four-day conference is scheduled to open on May 2 in Doha, capital of Qatar. The conference will focus on the development in this particular area and enhance its friendly cooperations with other sister societies.

GUEBUZA CONTINUES TALKS; VISITS CHENGDU

MB121331 Maputo Domestic Service in Portuguese 1030 GMT 12 Mar 87

[Text] Jiang Guanghua, deputy director of the International Liaison Department of the CPC Central Committee said that the situation in Mozambique will improve because the Mozambican Government has taken the right measures at the right time.

This was said by Jiang Guanghua during Mozambican Minister Armando Guebuza's visit to China and he added that he is sure of the Mozambican Government's victory over the armed bandits because that government has the support of the Frontline States and the international community. Today, the Mozambican delegation is going to visit the city of Chengdu capital of the Sichuan Province, to learn about Chinese rural life and to hold talks on the economic policy adopted by the People's Republic of China.

PDRY PRIME MINSTER PAYS OFFICIAL VISIT

OW120242 Beijing XINHUA in English 0231 GMT 12 Mar 87

[Text] Beijing, March 12 (XINHUA) -- The prime minister of the People's Democratic Republic of Yemen, Dr. Yasin Sa'id Nu'man, arrived here today on an eight-day official goodwill visit.

Dr. Nu'man is on his first visit to China at the invitation of Chinese Premier Zhao Ziyang.

Members of the prime minister's party include foreign minister, minister of construction and housing, minister of industry, commerce and supply, president of the Yemen Bank and deputy secretary of the ruling Yemen Socialist Party.

The visitors were greeted at the airport by Wang Tao, Chinese minister of petroleum industry and chairman of the Chinese Government Reception Committee, and Vice-Foreign Minister Qi Huaiyuan.

A formal welcoming ceremony for the prime minister is scheduled for this afternoon which will be presided over by Premier Zhao. The two leaders are also expected to have talks on bilateral relations and regional and global issues of common concern.

In the evening Premier Zhao is to host a banquet in honor of Prime Minister Nu'man and his party in the Great Hall of the People.

PERUVIAN TRADE UNION LEADER PAYS VISIT

Feted by Luo Gan

OW042108 Beijing XINHUA in English 1541 GMT 4 Mar 87

[Text] Beijing, March 4 (XINHUA) -- Vice-President of the All-China Federation of Trade Unions Luo Gan, on behalf of President Ni Zhifu, met and feted Isidoro Gamarra, chairman of the Confederation of the General Trade Unions of Peru, here this evening.

The visitor arrived here this morning for a friendly visit to China at the invitation of the host federation.

Meets Song Renqiong

OW050326 Beijing XINHUA in English 0252 GMT 5 Mar 87

[Text] Beijing, March 5 (XINHUA) -- Song Renqiong, vice-chairman of the Central Advisory Commission of the Chinese Communist Party, had an hour-long meeting with Isidoro Gamarra, president of the Peruvian General Trade Union Confederation, here today.

Gamarra, 83, arrived here yesterday for a week-long visit as guest of the All-China Federation of Trade Unions.

OFFICIALS MEET URUGUAYAN FOREIGN MINISTER

OW042120 Beijing XINHUA in English 1912 GMT 4 Mar 87

[Text] Montevideo, March 4 (XINHUA) -- Uruguayan Foreign Minister Enrique Iglesias today met with officials of a Chinese economic and commercial exhibition, headed by its Vice Chairman Zhao Changji.

The Chinese exhibition, the first of its kind to be held in Uruguay, will start March 20 in the Uruguayan capital.

Vice Foreign Minister Alberto Rodriguez Nin was also present at the meeting.

BRIEFS

FRIENDSHIP ASSOCIATION WITH MEXICO -- Mexico City, 14 Feb (XINHUA) -- The Mexican People's Association for Friendship With China held a meeting this evening to celebrate the 15th anniversary of the establishment of diplomatic relations between Mexico and China (Francisco Gonzales), secretary of the association, and Ke Xiaogang, Chinese counselor in Mexico, who spoke at meeting, noted that since 1972, friendly relations have been strengthened since through mutual government and civilian visits. Both expressed the conviction that friendship between Mexico and China will further develop as time goes by. [Excerpts] [Beijing XINHUA Domestic Service in Chinese 1207 GMT 15 Feb 87 OW]

AIDS TESTS FOR ALL FOREIGNERS UNDER CONSIDERATION

HK121151 Hong Kong AFP in English 1104 GMT 12 Mar 87

[Text] Beijing, March 12 (AFP) -- China is considering having all foreigners undergo mandatory tests for Acquired Immune Deficiency Syndrome (AIDS) in an attempt to prevent the spread of the killer disease, a health official said Thursday.

"We are currently studying the question," said Sun Xinhua, an official in the Contagious Diseases Department of the Chinese Public Health Ministry, in a telephone interview. He was speaking just days after a Beijing based Zairian diplomat died in Hong Kong, reportedly from AIDS. Mr Sun said Thursday that his department was "naturally very worried" by the death of the diplomat.

The health official said that as a first step all foreign students would be tested to see if they were carriers of the fatal illness, which has spread rapidly in the United States, Western Europe and parts of Africa. "We will give these tests to all foreign students in the future, before they obtain their residency permits and are set up in school," Mr Sun said. He indicated that all Chinese provinces would be required to administer the AIDS tests, which were first announced towards the end of last year and provoked a hostile reaction from foreign students.

Zairian Military Attaché Bon Kouvo Eanca died of AIDS in a Hong Kong hospital on March 4, four days after being flown to the British colony from Beijing in critical condition, according to the Hong Kong press. A senior diplomat at the Zaire Embassy here declined to comment on the report in a telephone interview, saying: "I have no statement to make on this subject. I am not informed."

A spokesman for the Beijing Public Health Department said that the Zairian diplomat had been treated, officially for malaria, for several days at a local hospital. The spokesman said doctors at the hospital did not know if the African diplomat had suffered from AIDS and that he had left the hospital on his own.

China has officially reported only one AIDS death, that of an Argentinian tourist in June 1985. Four Chinese hemophiliacs in Hangzhou, near Shanghai, have been diagnosed as carrying the virus after receiving transfusions of blood from the United States. Mr Sun said that no AIDS cases have turned up since then. He added that the Public Health Ministry had nonetheless decided to set up more testing centers across the country to help prevent the disease spreading.

Despite the health official's statements, several foreign students at Beijing universities said Thursday that they had not undergone tests for AIDS while in China. Some said they had never even heard about the tests. In December foreign students in the central Chinese city of Xian were told they were to take the tests. Some refused, saying they were fearful the tests would be administered in sub-standard sanitary conditions.

The Chinese press has written extensively about AIDS, which has killed more than 20,000 people in the United States alone. The press here has said that the disease, which has so far mostly struck homosexuals, hemophiliacs and intravenous drug users, is the result of "sexual liberation" in capitalist countries and a "symptom of the decadence of capitalist societies." It has also accused "rich Americans" of transmitting the disease.

Many Western medical experts here feel that Chinese fears about the spread of AIDS are somewhat justified because of the increasing number of tourists coming to China and more contact between Chinese and foreign visitors.

When an AIDS prevention center was set up in October, it was announced that all foreigners visiting China would have to sign a document stating that they were free of the disease. The measure has yet not been implemented.

LI PENG DENIES TOTAL REJECTION OF WESTERN VALUES

HK121532 Hong Kong AFP in English 1523 GMT 12 Mar 87

[Excerpt] Beijing, March 12 (AFP) -- China's current campaign against "bourgeois liberalization" does not signify a total rejection of Western values, Vice Premier Li Peng said Thursday.

Mr Li also told visiting French Education Minister Rene Monory that China plans to continue to send people abroad to study as part of its policy of opening to the outside world.

The Chinese vice premier, speaking in front of reporters, reiterated to the French education minister that China's open-door policy would not change. Mr Li said the campaign against Western influences launched following student protests for greater democracy and freedom late last year was meant to tell citizens "that it is not possible to follow capitalist policies in China."

Mr Li, 59, often mentioned as a future prime minister, is a member of the Politburo of the Chinese Communist Party and the president of the State Education Commission.
[passage omitted]

EXPelled PHYSICIST, WRITERS ATTEND FORUMS

OW130953 Beijing in English to North America 0000 GMT 13 Mar 87

[Lo Chao report]

[Text] Recently physics Professor Fang Lizhi delivered a report on the progress of modern cosmology at an academic meeting. The event has aroused widespread interest because Fang Lizhi has previously been fired from China University of Science and Technology and expelled from the Communist Party. For details, here is Lo Chao:

On quite a few occasions, Chinese leaders have stated that the struggle against bourgeois liberalization is directed only at a small number of people who opposed the socialist system and not against all intellectuals. They also said that the struggle will be strictly confined to the party and that the current policies of reform and openness will not change. However, the weekly BEIJING REVIEW said in a report when the struggle against bourgeois liberalization began, many intellectuals felt puzzled and concerned. But as more facts have been published, they have reacted positively and they are working and living as usual.

The report says: Over the past 2 months, only Fang Lizhi and 2 others have been criticized by name and expelled from the party. No extreme policy has been adopted against them. They have been given an opportunity to bring their special skills into full play.

Fang Lizhi continues to be a member of the Chinese Academy of Sciences, and was recently made a research fellow of the Beijing Astronomical Observatory. The two writers, Wang Ruowang and Liu Binyan, recently appeared at get-togethers of literary and artistic circles in Shanghai and Beijing.

The BEIJING REVIEW report says: In the history of the CPC, there have been instances where intellectuals were persecuted. But these were regarded as mistakes resulting from bad policies. Since the 3d Plenary Session of the 11th Party Congress held in 1978, the status of intellectuals has been changed, and they are acknowledged as part of the working class.

The report continues: In order to enforce party discipline, it is never too late to expel a few members who oppose its line. However, the struggle against bourgeois liberalization will not affect the party's policy toward intellectuals.

GONGREN RIBAO ON DEVELOPING SOCIALIST DEMOCRACY

HK100757 Beijing GONGREN RIBAO in Chinese 28 Feb 87 p 1

[Commentator's article: "Fully Develop Socialist Democracy, Strengthen Democratic Dialogues, Democratic Management, and Democratic Supervision"]

[Text] Comrade Deng Xiaoping time and again emphatically pointed out: Without democracy, there will be no socialism and socialist four modernizations. Fang Lizhi and his like advocated bourgeois liberalization and so-called "extensive democracy." The essence of this is not to build socialist democracy, but to deny the party's leadership and the socialist road. Therefore, on the one hand, we must steadfastly and resolutely oppose bourgeois liberalization; on the other hand, we must further develop socialist democracy in a down-to-earth manner and perfect the building of socialist democracy. On the premise of upholding the four cardinal principles, trade union federations at all levels must continually develop the atmosphere of democracy and unity and the spirit of reform and blazing new trials in all fields of social life, must fully arouse the enthusiasm of the workers for building socialism, and must play their due role in building socialist democracy.

In the struggle against bourgeois liberalization and the denial of the four cardinal principles, we must oppose the method of going in for "extensive democracy" by rushing headlong into mass action, because this cannot truly reflect the will and desire of workers and cannot solve any problems, rather it would be used by someone to undermine the socialist legal system and the stability and unity of society. However, this does not mean in any sense that the building of socialist democracy could be delayed and that it is not necessary to perfect socialist democracy and the legal system. Developing socialist democracy is decided by the nature of the socialist system, and the building of democracy is an extremely important part of the modernization drive. To properly run socialist enterprises, we must rely on workers and bring into full play their enthusiasm, wisdom, and creativity, for this is the source of the vitality of enterprises. Since the institution of the manager responsibility system, this problem should merit more attention because a manager's wisdom, knowledge, and experience are limited and we must rely on democracy, on the mass line, and on collective wisdom to make our policy decisions more complete and correct and to avoid mistakes. Strengthening democratic management of enterprises and bringing into full play workers' spirit of being their own master and their wisdom is the party's guiding thought since the 3d Plenary Session of the 11th CPC Central Committee as well as a basic principle for properly running socialist enterprises. [paragraph continues]

Trade union federations in enterprises not only take an active part in democratic management of enterprises, but also directly organize the democratic management, assuming great responsibility in strengthening democratic management of enterprises.

Document No. 4 of the CPC Central Committee points out: While fighting bourgeois liberalization, we must earnestly improve work in all fields and endeavor to overcome bureaucraticism and correct various malpractices and indifferent attitudes, adhere to the workin' method of taking the mass line, and help workers resolve the practical problems tha' can be resolved. As mass organizations of the working class, important representatives of workers' interests, and important social and political groups in the political system of a socialist country, trade union federations must have a better understanding of the relevant spirit and demands of the CPC Central Committee. On the one hand, they must earnestly improve their working style, maintain close ties with the masses, and endeavor to build mass organizations into democratic ones with a mass character; on the other, they must further bring into play the role of trade union federations in building socialist democracy in the whole country; strengthen the functional role of trade union representatives; safeguard the lawful rights and interests of workers; take a more active part in political affairs; take part in management of the state's political, economic, cultural, and social life; speak and do things for workers; truly turn trade union federations into a channel of democratic dialogues between workers and the government and administration; strengthen democratic management in enterprises and inatitutions; and strengthen democratic supervision over cadres and social life. This is not only a requirement for the current struggle against bourgeois liberalization, but is also a requirement for strengthening the building of socialist democracy in China and for maintaining protracted peace and stability in the country.

At present, workers have some complaints about malpractices, prices, social distribution, and arbitrary fines and reductions. Trade union federations at all levels must boldly reflect their reasonable demands and desires, help the government meet workers' demands and desires, and address workers' practical difficulties that can and should be solved urgently. By so doing, trade union federations not only represent workers' interests, but also safeguard the correct implementaton of the policies of the party state. Thus, workers cannot only feel that trade union federations are their own organization, but can also feel that the party and state really serve the people. They will love the party and the socialist motherland still more. Trade union federations must also further strengthen democratic supervision over cadres, exercise other social supervision, including workers' supervision over prices, oppose and resist various malpractices of seeking private interest by taking advantage of one's power, prevent wrong acts of arbitrarily increasing prices and collecting fees, and safeguard workers' democratic rights and normal interests.

Trade union federations of all enterprises must resolutely implement the three regulations formulated by the central leadership on reform of the leadership structure in enterprises, support the manager responsibility system, and support deepening internal reform within enterprises. At present, they must particularly give much publicity to education in democratic management with the three regulations as its content, earnestly carry out all functions stipulated in regulations of workers' congresses, strengthen training of representatives of workers, continuously upgrade the ideological quality and democratic management level of leading cadres and workers in enterprises; and strengthen enterprises' unity, so that the vast number of workers can share weal and woe with enterprises in a spirit of being masters of their own affairs and make their contributions to improving enterprises' economic results and social benefits.

In short, in the struggle against bourgeois liberalization, trade union federations at all levels must, on the premise of upholding the four cardinal principles, fully develop socialist democracy, sincerely rely on the masses, and strengthen democratic dialogues with workers. They must mobilize and organize workers to take an active part in democratic management, bring into full play the role of workers' congresses, strengthen democratic supervision over cadres and social life, and play a stronger role in building socialist democracy.

COMMENTATOR URGES UPHOLDING CARDINAL PRINCIPLES

HK10150C Beijing CONGRN RIBAO in Chinese 27 Feb 87 p 1

[Commentator's article: "It Is Necessary To Conduct Education in Upholding the Four Cardinal Principles Among Workers"]

[Text] According to the arrangements made by the party Central Committee, the ongoing struggle against bourgeois liberalization is mainly waged in enterprises in the form of study and self-education, with the stress on distinguishing right from wrong and heightening the political consciousness of workers. In the struggle, trade union organizations are duty-bound to strengthen political and ideological work among employees and to conduct thoroughgoing and progressive education in upholding the four cardinal principles so that they will be able to establish the unshakable belief that only the CPC can lead the Chinese people to achieve socialist modernization, and that unless we follow the socialist road with distinctive Chinese characteristics, we shall not be able to make the country prosperous and strong and the people rich and happy.

In conducting education in upholding the four cardinal principles among workers and other employees, we must base ourselves on the spirit of the central Document No 4, take a series of important expositions made by central leading comrades, especially Comrade Deng Xiaoping, on upholding the four cardinal principles and combating bourgeois liberalization as its main content, and conscientiously study and understand well the line, principles, and policies laid down since the 3d Plenary Session of the 11th CPC Central Committee. Meanwhile, the education must be based on long-term plans with short-term arrangements. At present it must center on the issue of upholding the four cardinal principles and link up with the excellent situation in reform, opening up to the outside world and domestic economic invigoration which has emerged since the 3d Plenary Session of the 11th CPC Central Committee. To achieve it, we must pay attention to the following points:

First, we must conduct education in the basic tenet of upholding the four cardinal principles and in the current situation and the party's policies. Through such education, workers are required to see clearly that without the leadership of the CPC and without socialism the country would not become rich and strong, the people would not become well-off and China would not achieve the four modernizations. They are also required to properly understand the two basics of the party line, principles, and policies formulated since the 3d Plenary Session of the 11th CPC Central Committee and to know clearly that upholding the four cardinal principles and sticking to the policy of carrying out reform, opening up to the outside world, and invigorating the domestic economy are interrelated, and neither can do without the other.

Second, we must educate and encourage workers to acquire the high ideal of building a modern socialist country with a high degree of civilization and democracy, and the lofty ideal of building communism. [paragraph continues]

At the same time, we must also educate them to preserve work discipline and to raise their standard of professional ethics so that actual progress will be made in this aspect this year.

Third, we must carry out education in democracy and the legal system. We must widely explain the "Decision on Intensifying Education in the Legal System To Safeguard Political Stability and Unity" adopted at the 19th session of the 4th NPC Standing Committee and strive to make it known to every household so that workers will clearly understand that perseverance in the four cardinal principles is the basis of founding a state and the basic norm stipulated in the state Constitution; clearly understand the correct relationship between developing socialist democracy and strengthening the socialist legal system; and clearly understand that upholding social stability and unity and maintaining regular work order, production order, and social order are the sacred duties and glorious responsibility of all workers.

Finally, we must educate workers to build our country through diligence and thrift and to wage hard struggle so that they will come to realize that at present our country, with a poor foundation on which to build and a very large population, remains a developing country. To make our country rich and strong, we must work hard for many decades. Therefore, we must mobilize workers throughout the country to work hard and build our country through arduous effort so as to carry forward the modernization drive.

In conducting education in upholding the four cardinal principles among workers, we must adopt lively and varied forms, reason things out with facts, not empty theory, insist on carrying out positive education and give necessary explanation and guidance. In many areas workers have rich experience in self-education through different types of activities such as reading and lecturing activities, theoretical study classes, theoretical guidance teams, the activities of book and film reviews, question-and-answer drills, knowledge contests and some other attractive activities. All these are effective forms for self-education and should be employed to the full. Trade union organizations at various levels should strengthen the building of the backbone of the theoretical propaganda contingents, give full play to the role of advanced models from among workers and organize people with high ideals to give an account of ideals, and people with good discipline to give an account of discipline so as to affect and educate workers through those advanced models with fine traditions and the spirit of the times. Trade union organizations at various levels should have strong theoretical propaganda contingents with good political integrity and high work efficiency in a effort to affect and attract more people and efficiently conduct the education in upholding the four cardinal principles.

Under the new situation of carrying out reform, opening up to the outside world and invigorating the domestic economy, political and ideological work should be strengthened and should not be weakened. Trade union organizations at various levels should enhance the enthusiasm of workers for reform and socialist modernization through thoroughgoing and progressive education in upholding the four cardinal principles and raise the morale standard of workers to resist the corrosive influence of capitalist and feudal decadent ideology. In this way the policy of carrying out reform, opening up to the outside world and invigorating the domestic economy can be implemented smoothly and the national economy can develop in a steady and sound way. Trade union organizations should bestir themselves to carry out thoroughgoing and progressive education in upholding the four cardinal principles.

GONGREN RIBAO ARTICLE ON FREEDOM, DEMOCRACY

HK111353 Beijing CONGRREN RIBAO in Chinese 27 Feb 87 p 3

[Article by Qiao Yuan (0829 6678): "Freedom With Leadership and Democracy Under Centralized Guidance -- Studying Mao Zedong's Speech 'On the Correct Handling of Contradictions Among the People'"]

[Text] Thirty years ago today (on 27 February 1957), Comrade Mao Zedong delivered the important speech "On the Correct Handling of Contradictions Among the People" at the 11th Session (enlarged) of the Supreme State Conference. This is an important Marxist document. When we review the important article by Comrade Mao Zedong today, we will benefit from something new in it. In particular, the brilliant expositions made by Comrade Mao Zedong on freedom and democracy carry an immediate significance for us.

Comrade Mao Zedong pointed out: "By civil rights, we mean, politically, the rights of freedom and democracy...but this freedom is freedom with leadership and this democracy is democracy under centralized guidance, not anarchy." This is because anarchy is not in accord with the interests or wishes of the people. Freedom with leadership and democracy under centralized guidance is a high condensation made by Comrade Mao Zedong to socialist freedom and democracy. On no account must we understand that socialist freedom means "I want to do whatever I like." Freedom cannot be separated from leadership. If freedom is not under leadership, each person will go his own way, the country will exist in name only and become a pile of loose sand, and we will be able to do nothing at all. Similarly, on no account must we think that socialist democracy means, "I am in a position to decide everything." In fact, socialist democracy is democracy under centralized guidance and is committed to the principle that the minority should submit to the majority through extensive discussions and consultation. If there is no centralized guidance, no unanimous conclusion can be drawn as opinions vary and everyone wants to do whatever he pleases. This is not in accordance with the interests of the people and is unlikely to win support from them.

To counter some people who thought that there was too little freedom under one people's democracy and that there was more freedom under Western parliamentary democracy and who therefore asked for a two-party system as in the West, Comrade Mao Zedong pointed out sharply: "This so-called two-party system is nothing but a device for maintaining the dictatorship of the bourgeoisie; it can never guarantee freedoms to the working people." Freedom and democracy exist not in the abstract but only in the concrete. In a capitalist society, if there is freedom for the exploiting classes to exploit the working people, there is no freedom for the working people not to be exploited. If there is democracy for the bourgeoisie, there is no democracy for the proletariat and other working people. Taking the United States, which is described as a "freedom world," as an example, "Most universities and colleges in the United States flaunt the banner of academic freedom, but professors who are sympathetic with the Arab cause and are out of tune with U.S. ideological circles are often dismissed and cannot find lifelong jobs, not to mention those who believe in Marxism" (ZHONGBAO of 31 August 1984, published in New York). The bourgeois regime in the United States imposes countless restrictions on the people when they exercise their democracy. If these restrictions are slightly overstepped in the United States, which had a very complete capitalist system, its state machine does not hesitate to mete out punishment to the people and people's democracy is replaced with bloody and brutal suppression.

Marxism teaches us that democracy is part of the superstructure; in the last analysis, it serves the economic base. The same is true of freedom.

Both democracy and freedom are relative, not absolute, and they come into being and develop under specific historical conditions and have certain historical limitations. Within the ranks of the people, democracy is correlative with centralism and freedom with discipline. They are the two opposites of a single entity. Comrade Mao Zedong stressed: "Within the ranks of the people, we cannot do without freedom, nor can we do without discipline; we cannot do without democracy, nor can we do without centralism. This unity of democracy and centralism, of freedom and discipline, constitutes our democratic centralism. Under this system, the people enjoy broad democracy and freedom, but at the same time they have to keep within the bounds of socialist discipline. This expounds the dialectical relationship between democracy and centralism and between freedom and discipline, provides us with a correct understanding of socialist democracy and freedom, and is a methodological weapon for us to correctly exercise civil rights.

Of course, in advocating freedom with leadership and democracy under centralized guidance, we in no way mean that coercive measures should be taken to settle ideological questions or questions involving the distinction between right and wrong among the people." Comrade Mao Zedong explained this point very clearly. In his later years, Comrade Mao Zedong seriously mixed up the two different types of contradictions in practice, and particularly those contradictions within the party, and put undue emphasis on one aspect but neglected the other in the relationship between democracy and centralism and between freedom and discipline. He made the mistake because he personally went back to his own correct theory in his remaining years. However, in spite of this, in our opinion, his article "On the Correct Handling of Contradictions Among the People" is of important practical significance in guiding us and ensuring that we develop democracy along the right track.

BAN YUE TAN COMMENTATOR ON RECENT CAMPUS UNREST

HK060520 Beijing BAN YUE TAN in Chinese No 3, 10 Feb 87 pp 4-8

[Commentator's article: "Reflections After the Recent Student Incident"]

[Text] The university student incident has drawn to an end and the disturbance has quietened down. Yet it has posed many questions which give us much food for thought. How did the student incident take place? Why were some university campuses ablaze with student protests? What has unrest taught us? And what lessons should we draw from it?

First, we should take a clear-cut stand in combating bourgeois liberalization and we should be fully justified in upholding the four cardinal principles.

In fact it is quite clear that the campus unrest was the result of bourgeois liberalization that had spread widely in the last few years. Advocates of bourgeois liberalization like Fang Lizhi, Wang Ruowan, and Liu Binyan just directed the spearhead of attack at the four cardinal principles. When some people wantonly spread doubts about and opposed party leadership, the socialist road, the people's democratic dictatorship, and Marxism-Leninism-Mao Zedong Thought in recent years, some of our leadership organs and leading cadres failed to take a firm attitude and a clear-cut stand and even supported and winked at these people. In consequence, those remarks about bourgeois liberalization created ideological confusions among innocent young people. The incident, which was neither too big nor too small, but very serious in nature, has alerted us to the fact that we must persist in the struggle against bourgeois liberalization for a long time, and that we should in no way flinch from this ideological trend, nor should we give up the ideological front. [paragraph continues]

The incident has also reminded us that in all spheres we should resolutely uphold the four cardinal principles, which are the foundation for building our party and country. We must teach the people, with historical facts and through reality, that departure from the four cardinal principles will lead our country to chaos and disunity and make the future of the state and people uncertain. Of course, the purpose of combating bourgeois liberalization is mainly to make a clear distinction between right and wrong, to seek unity of thinking, to raise political consciousness, and to unite the great majority of the people to work for socialist modernization with Chinese characteristics.

Second, political stability and unity is the most important guarantee for persisting in reform and opening to the outside world. The people of the whole country must redouble their efforts to treasure and safeguard it.

The campus unrest disturbed and demolished political stability and unity in many areas to a certain degree and a few bad elements seized the opportunity to stir up sabotage and trouble. Under the correct leadership of the party, the situation quickly calmed down. If stability and unity were further disrupted, the extensive democracy and destructive turmoil which appeared in the Cultural Revolution would reappear, the smooth progress of reform and the implementation of the opening up policy would be obstructed, and the people's peaceful life would be gravely threatened. All this goes against the will and interests of most people. Facts demonstrate that to uphold stability and unity, we must defend party leadership; without party leadership there would be no coagulability for the unity of the people; to uphold stability and unity, we must fight against a small number of people who scheme to disrupt stability and unity and to whip up extensive democracy in an effort to foil their plot; and to uphold stability and unity, we must correctly handle all kinds of contradictions, do political work well, and unravel unstable factors so as to provide against possible trouble. All those loving socialism should play their part in maintaining long-term political stability in our country and in making it grow and flourish.

Third, building a high degree of socialist democracy is one of the objectives our party is fighting for. Democracy cannot be separated from legality, and freedom cannot be separated from discipline.

The "We want democracy" slogan was mostly raised by student demonstrators in the recent campus unrest. Indeed, our democracy is not perfect and we still have a lot to do to improve it. When the party Central Committee set tasks for political reform, it called for further extending socialist democracy. Looking back at the 8 years since the 3d Plenary Session of the 11th CPC Central Committee, we find that we have taken major steps in democratizing the life of the entire society. In the article "The Process of China's Democratization" run in the last issue of this journal, we cited numerous facts that are universally acknowledged. Under the leadership of the party, we will continue to extend democracy in the political, economic, ideological, and cultural spheres in the future. However, democracy and freedom are not absolute ideas. Democracy without socialist legality is not socialist democracy, and freedom without a sense of discipline is not real freedom. In terms of democracy and freedom, if a small number of people encroach upon the life of most people, they should be restricted in their movement, be opposed, and even be punished. Is what we experienced in the 10 years of turmoil not a painful lesson from which we must learn? Except those who are hostile to socialism and who are muddleheaded politically and ideologically, who supports that sort of extensive democracy? Meanwhile, we must know that extending democracy is a progressive process. [paragraph continues]

In such a country as ours with low productive forces, poor educational quality of the people, and a dim sense of democracy and legality, socialist democracy can only be extended under party leadership in a planned and systematic way. We should not act with undue haste and cannot reach the goal in one step.

Fourth, political reform can only be carried out under party leadership in a planned way and step by step.

In the recent student incident, many students expressed their concern and enthusiasm for political reform. This is blameless. However, we must know clearly what the orientation of our political reform is and how to carry it out. Our party has pointed out that through political reform we must build ours into a country with a high degree of democracy, perfect legality, and high efficiency, which represents improvement of the socialist system. This is categorically different from "wholesale Westernization," the "bipartisan system" and the "system of separating the legislative, executive, and judicial functions of government" advocated by some people who want to change our socialist system. We must be clear-headed about the fact that no matter how we carry out the reform, the nature of our socialist country -- which is a people's democratic dictatorship led by the working class and based on the worker-peasant alliance -- cannot be changed. That is where the interests of 1 billion people lie. Political reform involves many aspects and is fairly complex; we must therefore make in-depth investigations and studies, give it careful consideration, and be extremely prudent. For this reason, the reform must be carried out orderly and systematically under the leadership of the party.

Fifth, theoretical and ideological fronts and propaganda departments should adhere to the party's line and principles and guide public opinion without fail.

In a period of time before the recent campus unrest, some of our comrades on the ideological front were not so cool-headed and they departed from the four cardinal principles and intensified the spreading wide of the ideological trend of bourgeois liberalization. This matter gives us much food for thought. Our newspapers, radio stations, television stations, and news agencies are the mouthpiece of the party and government and of the people as well; they serve socialism and the people. Therefore, our comrades on the ideological front must firmly keep to the stand of the party and government and to the stand of the people to correctly reflect and guide public opinion. Newspapers, radio stations, and television stations are propaganda instruments of very wide range and exert a tremendous influence on hundreds of millions of the people every day. They can inspire the people's confidence and encourage them to strive for successful reform and construction if they prove equal to the work assigned to them, but they may also create ideological confusion among the people and shake their confidence if they neglect their duty. They have a grave responsibility and should in no way let the party and people down.

Sixth, it is essential to do political and ideological work in earnest, take the initiative in opening up more dialogue channels with the people, be concerned about the weal and woe of the people, and help them overcome practical difficulties.

On the whole, the recent student unrest was attributed to the influence of bourgeois liberalization, but some student demonstrations were agitated by the excuse of poor campus management. This tells us that political and ideological work should not be weakened and school management should be strengthened and improved. Under the new situation, political and ideological work must examine new methods and follow new ways. [paragraph continues]

We must help students have a sound understanding of the China of yesterday and today and clearly understand our ideals and reality. We must make efforts to open up more channels for dialogue between leaders and the masses in an effort to explain our policies and principles and the achievements and difficulties in our work, give an ear to their opinions, answer their difficult questions, and resolve their practical problems as far as possible. If we cannot do something that is beyond our ability for the time being, we must clearly explain this to the masses. In this way, our party organizations and people's governments at all levels will be closely bound up with the masses and their hearts will beat as one.

Seventh, uniting with and winning over the majority is a consistent principle of our party. We must always bear in mind and implement this principle.

During the recent student demonstrations, very few bad elements mingled with the demonstrators. Most student demonstrators are lovers of the motherland; they are concerned about reform and are willing to exert themselves for rejuvenating China. Some students said and did something wrong due to the influence of bourgeois liberalization. Their problems can be solved through education. Some students adopted some viewpoints of bourgeois liberalization, but they are willing to correct their mistakes and observe discipline. We must welcome those students. Only a few persist in bourgeois liberalization and refuse to mend their ways. No change will be made in the party's policy of respecting knowledge and trained personnel and giving full play to the role of intellectuals in the four modernizations. We must be vigilant and expose words and deeds that sow dissension between our party and intellectuals. Our socialist modernization can hardly be achieved unless the people of the whole country work hard and are dedicated heart and soul to the cause. Our party and CYL organizations and government departments should unite with all the forces that can be united.

Eighth, we must unswervingly implement our policies for reform, opening to the outside world, and reinvigorating the domestic economy. No force on earth can hinder our progress.

After we took a firm stand in fighting bourgeois liberalization following the student incident, some people at home and abroad doubted whether we would continue to implement the policies for reform, opening up, and enlivening and the domestic economy. This is not necessary. The line laid down since the 3d Plenary Session of the 11th CPC Central Committee is fashioned on two cornerstones; persisting in the four cardinal principles on the one hand, and implementing the policies for reform, opening up to the outside world, and reinvigorating the domestic economy on the other. These two cornerstones are interrelated and neither can do without the other in building socialism with distinctive Chinese characteristics. The four cardinal principles provide the guarantee for reform and opening up. Our country has achieved tremendous successes in reform and opening up. We must carry on with determination reform and opening up because they have displayed their great might. The purpose of fighting bourgeois liberalization is to overcome obstruction and further implement the line laid down since the 3d Plenary Session of the 11th CPC Central Committee.

Through reflection after the student incident, we realize that we must be farsighted and have wider vision. In short, ours is a developing socialist country. In thinking and doing everything, we must proceed from the country's actual conditions. This means we must be practical and realistic.

The political and economic situation in our country is now very good. Of course, in the course of progress we shall be confronted with difficulties and setbacks and must work hard generation after generation. Facts have proved and will prove that the Chinese people, under the leadership of the party, have strength and full confidence to mount all difficulties and create the brilliant future of our motherland.

BAN YUE TAN ON OPPOSING BOURGEOIS LIBERALIZATION

HK110637 Beijing BAN YUE TAN in Chinese No 4, 25 Feb 87 pp 6-9

[Article by the BAN YUE Political and Cultural Editorial Office: "Questions and Answers on Opposing Bourgeois Liberalization"]

[Text] Question: What is bourgeois liberalization?

Answer: Bourgeois liberalization negates the socialist system and advocates the capitalist system. It focuses on negating the leadership of the Communist Party. Therefore, it runs counter to the people's interests and the historical trend and is resolutely opposed by the people.

Question: Where did bourgeois liberalization originate?

Answer: "Bourgeois liberalization" originated from a statement on the state policy made by then U.S. Secretary of State Dulles in the mid-1950's after China put forward the "double hundred" policy. The statement said: The U.S. policy is to bring about liberalization (that is, capitalization) in the Soviet Union and East European countries; whether China will realize Western liberalization remains to be seen. The bourgeois liberalization we are now talking about originated here and refers to a social ideological trend that negates the socialist system and advocates the capitalist system.

Question: Why should we oppose bourgeois liberalization?

Answer: The purpose of the struggle against bourgeois liberalization is to put into effect the line, principles, and policies drawn up since the 3d Plenary Session of the 11th CPC Central Committee. The struggle is also an important measure for implementing the Resolution of the 6th Plenary Session of the 12th CPC Central Committee on the Guiding Principles for Socialist Spiritual Civilization. One of the lines drawn up since the 3d Plenary Session of the 11th CPC Central Committee is to build socialism with Chinese characteristics. This line is characterized by the following two points: One is adhering to the four cardinal principles, and the other is persisting in the policy of reforms, opening up to the world, and enlivening the domestic economy. These two are related to each other and neither is dispensable. The aim of bourgeois liberalization is to change this line and the existing policies, to oppose the four cardinal principles, and to realize "total Westernization." Advocators of bourgeois liberalization have spread all kinds of erroneous views to poison young people, confuse their minds, disrupt stability and unity, and undermine reforms and the work of opening up to the world. If this is allowed to spread unchecked, more people, young people in particular, will lose their bearings, our country will become a country full of turmoil, and reforms and construction will not be able to proceed normally.

Question: What is the purpose of opposing bourgeois liberalization?

Answer: Generally speaking, the struggle against bourgeois liberalization is a type of education for party members in adhering to the four cardinal principles and correctly understanding and implementing the lines, principles, and policies drawn up since the 3d Plenary Session of the 11th CPC Central Committee. This education will enable them to differentiate between right and wrong, to reach unanimity of understanding, to enhance their consciousness, to develop the situation of stability and unity, to increase their initiative in implementing the lines drawn up since the 3d Plenary Session of the 11th CPC Central Committee, and to carry out reforms and construction with one heart and one mind.

Question: Why is opposing bourgeois liberalization a long-term task?

Answer: As an ideological trend, bourgeois liberalization has existed in China and other socialist countries for decades. It will continue to exist for the whole period of socialism. The ideological trend of bourgeois liberalization will exist throughout the whole process of reforms and opening up to the world as well as throughout the whole process of socialist modernization due to the influence of the ideological trend of international bourgeois liberalization, the existence of class struggle in certain spheres, and the unavoidable contacts with the decadent bourgeois ideology and culture in the course of opening up to the world. Therefore, opposing bourgeois liberalization is a task of immediate importance and a long-term task as well. We should have a sober understanding of this point and make adequate mental preparations for it.

Question: What is the scope of the struggle against bourgeois liberalization? What is the central issue?

Answer: The struggle against bourgeois liberalization is restricted within the party and carried out mainly in the political and ideological spheres. The central issue is to resolve the fundamental political principle and orientation. In other words, it is to oppose the ideological trend that tries to deviate from Communist Party leadership and negate the socialist road. This struggle does not involve economic reform policies, rural policies, scientific and technological research, study of literary and artistic style and skills, or the people's daily life. Opposing bourgeois liberalization has a fixed meaning to which no addition can be made. Negative and decadent factors in the party and society should be resolved according to their nature without relating them to bourgeois liberalization.

This struggle does not involve democratic parties or nonparty member intellectuals. Party organizations are required to report the situation promptly to nonparty personages and the masses. These people are welcome to make criticism and suggestions to bring their initiative into play.

Question: Why is it necessary to restrict the struggle against bourgeois liberalization within the party?

Answer: This is because the purpose of the struggle against bourgeois liberalization is to resolve the fundamental political principle and orientation. The fundamental political principle is to persist in Communist party leadership and the political orientation is to take the socialist road. Whether these two can be resolved well depends on whether the ruling Communist Party can reach unanimity of understanding and action. [paragraph continues]

It is all the more necessary to strictly restrict the struggle against bourgeois liberalization within the party because, apart from the above reason, the ideological trend of bourgeois liberalization has certain influence in the party, some party members and party organizations do not have correct understanding of the essence and harm of bourgeois liberalization, and others even violate the four cardinal principles.

Question: How should things proceed in party, government, and military organs, urban enterprises and institutions, PLA units, and the rural areas?

Answer: Party, governments, and military organs, urban enterprises and institutions, as well as PLA units should educate their party members by positive examples. This will not be done in the rural areas. Party rectification in grass-roots party organizations in the rural areas will proceed according to the plan of the Central Commission for Guiding Party Rectification.

Question: What demarcation lines should we pay attention to in applying the relevant policy in the course of opposing bourgeois liberalization?

Answer: First, we should adhere to the principle of educating by positive examples and uniting with the majority. Those who should be criticized in newspapers and magazines are individual party members who openly advocated bourgeois liberalization and refused to correct their mistakes after repeated education. Even so, appropriate work should be arranged for them so that they can display their talents, and it is necessary to respect their civil rights. We should trust them in politics provided they have really corrected their mistakes. Some comrades have long held systematic erroneous views. It is advisable to give them comradely criticism in party group discussions. They are allowed to reserve their opinions. So long as they obey the party's organizational discipline, we should unite with them and arouse their consciousness.

Second, we should take the lines, principles, and policies drawn up since the 3d Plenary Session of the 11th CPC Central Committee as the norms for correcting the right deviationist mistakes in the political and ideological fields. We should avoid using "leftist" methods to criticize right deviation. It is absolutely impermissible to allow the struggle against bourgeois liberalization to hamper reforms and the work of opening up to the world and enlivening the domestic economy.

Third, we should uphold the policy of "letting a hundred flowers blossom and a hundred schools of thought contend." We should continue to encourage and assist theoretical workers in applying the basic theories of Marxism to their bold explorations and studies on the new situations, new experiences, and new problems in the course of socialist modernization, reforms, and opening up to the world. People are allowed to make mistakes. We should not brand those who make mistakes in the course of their explorations. Differences of opinion in the academic and art fields should be resolved according to the Constitution, through normal discussions, and by means of criticism and countercriticism. Literary works, films, and television series produced in the past will not be sorted out, with the exception of those spreading serious political mistakes and producing very bad social effects; these will be properly handled by the relevant central department. Literature and art works in the future will be examined by editorial departments, publishing houses, film studios, and theaters according to the policy of letting a hundred flowers blossom and a hundred schools of thought contend and the principle of serving the people and society. [paragraph continues]

Do not incline toward the "right" one moment and toward the "left" the next; nor should instructions from the higher authorities be sought for the settlement of every problem, as this will hamper the normal development of literature and art.

Question: What are the methods for opposing bourgeois liberalization?

Answer: We will adopt mild and convincing methods. We will not launch a political movement, nor will we use the wrong, "leftist" method of "classifying people into different groups, examining everyone, and mobilizing everyone to expose each other's mistakes."

Erroneous views having major influence should be criticized in newspapers and magazines without directly involving the person concerned, to distinguish right from wrong. It is impermissible to publish articles or sketches attracting or insulting the person concerned. Those who are criticized are allowed to publish their reasonable and convincing explanations.

Question: What is the relationship between opposing bourgeois liberalization and carrying out reforms and opening up to the world?

Answer: Instead of affecting reforms and the work of opening up to the world, the struggle against bourgeois liberalization will promote reforms and the work of opening up to the world. It is also an indispensable condition for ensuring the smooth carrying out of reforms and the work of opening up to the world. There are two reasons: One is that the struggle against bourgeois liberalization will create a political environment of stability and unity for reforms and opening up to the world; the other is that the struggle against bourgeois liberalization will enable us to adhere to the four cardinal principles more firmly and to ensure that reforms and the work of opening up to the world will proceed in a correct direction.

LI PENG INSPECTS RAILWAY TUNNEL CONSTRUCTION

OW092335 Beijing XINHUA Domestic Service in Chinese 0917 GMT 9 Mar 87

[By correspondents Liu Jiangtao and Sun Ruqing; and reporter Liao Daowei]

[Text] Changsha, 9 Mar (XINHUA) -- On 5 and 6 March, Li Peng, member of the CPC Central Committee Political Bureau and vice premier of the State Council, inspected construction of the Nanling Tunnel in the Dayao Shan and double-tracking of the Hengyang-Guangzhou Railway, a key state project. On behalf of Premier Zhao Ziyang, Vice Premier Wan Li, and other leading comrades of the State Council, he extended cordial regards to all workers building the tunnel and double-tracking various parts of the railway.

Li Peng said: Owing to the railway construction workers' hard work, great progress has been made in double-tracking the Hengyang-Guangzhou Railway; and because of the use of new technology, many problems appearing in the course of construction have been overcome and much experience has been gained.

Speaking at a meeting chaired by Minister of Railways Ding Guangeng and attended by leading members of all units participating in building the railway, Li Peng set out the following four requirements for railway construction:

1. In railway construction, attention should be paid to economic benefits, especially those of society. Money should be spent on railways needing only limited investment but yielding quick results, and existing railways should be rebuilt so that their potential can be tapped. Li Peng said: The Beijing-Guangzhou Railway is an artery playing an important role in China's four modernizations and in promoting economic ties between north and south China; the Hengyang-Guangzhou Railway being double-tracked will solve the artery's bottleneck problems, and promote economic development and exchange between Hunan and Guangdong, and between these two provinces and Hubei. Thus, the state's strategic decision to speed up double-tracking the railway is a correct one; and the money is wisely spent, because investment will produce fast results. In the future, a railway will be built only when it can produce high economic results.

2. The principle of carrying out reform, opening to the outside world, and enlivening the domestic economy should be implemented in railway construction. Li Peng said: In connection with their own needs, all units engaged in building the tunnel and other parts of the railway have emulated foreign countries' advanced technology and management, and brought in their modern equipment. This has greatly expedited construction and ensured safety and quality. This also shows that China's open policy is a correct one. We should examine our experiences in this regard and disseminate them to other capital construction units.

3. Not only should we implement the principle of distribution, namely to each according to his work, but also promote socialist ethics among construction workers. Li Peng said: Measures for giving out material rewards according to work should be more rational but less complex. There should be appropriate differences between different grades, otherwise the reward system cannot function positively. He stressed: Rewards alone are not enough; we should also encourage railway builders to pay attention to socialist ethics and carry forward the fine tradition of engaging in national construction through diligence and thrift, and educate people to respect honor and be inspired by it.

4. There should be long-range plans and bases for training railway builders. Li Peng pointed out: The competition appearing on the capital construction front is expected and is a good sign. Railway builders should be ready to keep pace with this development. In order to have strong and proficient railway builders, we should set up bases where they can live, be educated, and engage in production, and where needed personnel can be trained and tertiary industry can develop. Li Peng also noted that railway construction units should gradually reform their employment system. In order to be competitive, he said, construction units should keep their key administrators, technicians, and political workers, and recruit the needed contract workers according to the needs of specific construction projects.

Xi Zhongxun Inspects Tunnel

OW100230 Beijing XINHUA Domestic Service in Chinese 1523 GMT 9 Mar 87

[By NANFANG RIBAO reporter Xie Yifang and XINHUA reporter Jiang Zuozhong]

[Text] Guangzhou, 9 Mar (XINHUA) -- "You have been working hard! You have made tremendous achievements and rendered great service to the people of the country! I hope you will complete your tasks satisfactorily." While inspecting the construction site of the Hengyang-Guangzhou Railway's double-track Dayao Shan tunnel this morning, Xi Zhongxun, member of the CPC Central Committee Political Bureau, extended his cordial regards and paid his respects to the tunnel builders there.

Attracting nationwide attention, this tunnel project has now entered its critical and decisive phase -- its workers are working hard to cut the last 70 meters of the tunnel.

While inspecting the construction site at one end of the tunnel Comrade Xi Zhongxun, who was accompanied by Xu Shijie, vice chairman of the Guangdong Provincial CPC Committee Advisory Commission, repeatedly exhorted the tunnel builders that the closer they are to success, the more attention they should pay to science, safety, and quality.

Before this Li Peng, member of the CPC Central Committee Political Bureau and vice premier of the State Council, inspected the Dayao Shan Tunnel on 5 March, in the company of Ding Guangen, minister of railways; Qi Yuanjing, minister of metallurgical industry; Yao Zhenyan, vice minister of water conservancy and electric power; and Kuang Ji, Guangdong Province vice governor. Li Peng encouraged the tunnel builders to carry forward the style of "respecting science, making a concerted effort, being well-organized, and strictly observing discipline" in order to achieve the final success of cutting through the tunnel.

Situated in Guangdong Province's Lechang County, the 14.295-km-long tunnel is now the longest electric double-track tunnel in our country. Seldom in the history of tunnel building in our country are geological and hydrological conditions as complicated as at the site of this tunnel and is construction so difficult. Since the start of its construction in January 1981, 14,225 meters of the tunnel have been cut.

VICE PREMIER LI PENG ON ELECTRICITY CONSERVATION

OW020342 Beijing XINHUA Domestic Service in Chinese 1257 GMT 28 Feb 87

[By reporter Huang Fengchu]

[Text] Beijing, 28 Feb (XINHUA) -- The State Council gave instructions at an energy conservation conference not long ago that conserving electricity for production and household use should be an important part of the current nationwide movement to increase production and revenue and conserve resources and expenditures.

The meeting said: Quotas of electricity for production must be strictly controlled; efforts should be made to develop energy-efficient equipment to replace old, power-consuming equipment; and enterprises should be encouraged to conserve electricity by utilizing waste heat and water electrical pressure to generate electricity. Except for special occasions, official and mass organs may not use air conditioners or heaters; and the use of electricity in large guesthouses and restaurants should be strictly controlled. On the basis of ensuring the people's electricity needs for their television sets, refrigerators, and electric fans, household use of electrical heaters, cookers, and air conditioners should be controlled.

Addressing the meeting which he chaired, Vice Premier Li Peng pointed out that China, being a developing country, cannot increase its power supply very rapidly. Such being the case, it must conserve electricity in production and appropriately control the growing needs of electricity for daily use.

Li Peng said: China has a large population but a weak foundation. For a long time to come we must work hard and conserve our resources. This is essential for building a socialist society with Chinese characteristics.

The current movement to increase production and revenue and conserve resources and expenditures is an important, long-range policy, and not an expediency. While transforming their technology, our enterprises must pay attention conserving more energy and more raw and semifinished materials.

The meeting examined certain regulations for intensifying electricity conservation, and heard reports by the State Planning Commission and the State Economic Commission on energy conservation in 1986 and energy conservation plans for 1987.

BAN YUE TAN URGES MAINTAINING PEASANT INCOME

RE080800 Beijing BAN YUE TAN in Chinese No 3, 10 Feb 87 p 15-17

[Article by Liu Zhongyi (0491 0022 0001), Vice Minister of the State Planning Commission, and Li Li (2621 5461), head of the Comprehensive-Management Department of the Agricultural and Forestry Bureau under the State Planning Commission: "Keep Up the Momentum of Sustained Growth in Peasant Income"]

[Text] The general level of the peasants' income is an issue of overall importance for the rural economy and even for the entire national economy. Keeping up the momentum of the sustained growth of peasant income is an important topic in the rural reforms and rural work in various fields in 1987.

With the rapid growth of the rural economy over the several years following the introduction of the system of contracted responsibilities on a household basis, with payment linked to output, the peasants' income has increased by a big margin. According to statistics, the per capita net income of the peasants rose to 397 yuan in 1985 from 191 yuan in 1980, an average increase of 15.8 percent within 5 years. However, things changed in 1986. According to estimates, the per capita net income of the peasants in the year increased by about 7 percent over the previous year. The income growth was obviously slowing down.

Is this growth rate normal? First of all, we must have a clear picture of the foundation for the high growth of the peasant's income during the Sixth 9-Year Plan. The delegation of decisionmaking power in production to the peasants has sparked their enthusiasm, thus promoting the all-round development of agriculture, forestry, animal husbandry, and fishery. The convention of "taking grain as the key link" has been smashed in the rural areas and the multi-sector economy developed, and township enterprises have sprung up vigorously. The state has readjusted the prices of bulk farm produce, such as grain, cotton, and oil and has relaxed its control over the prices of numerous farm and sideline products. Some of the peasants have participated in the commodity circulation between the cities and the countryside and thus developed the tertiary industry. Quite obviously, this is a growth of a recovery and compensatory nature. Now the economic factors, such as agriculture's basic conditions and market demands, have changed and the rural reforms have moved from the stage of making breakthroughs to a stage of in-depth development. Therefore, it is impossible to always maintain high growth in the peasant income. Even so, the 1986 growth rate of 7 percent was still far higher than the average growth rate of 3.1 percent within 23 years between 1955 and 1978. Generally speaking, this growth rate can be considered basically normal.

The point at issue is how to keep up the momentum of sustained growth in peasant income in 1987. There are two major measures to take. [paragraph continues]

One is to consolidate the achievements of reform and to continue to deepen the reform and the other is to help the peasants develop the commodity economy and to open up more avenues to prosperity.

The reforms over the last few years have brought some economic benefits to the peasants. No departments and units shall take back any benefits already given to the peasants by changing existing policies. In purchasing farm and sideline products, the principle of pegging prices to quality should be implemented and the practices of down-grading commodities and forcing prices down are strictly prohibited. The products that are allowed by formal decree to be traded without restrictions shall not be turned back to the old path of unified and fixed purchases. The unreasonable burdens on the peasants should be effectively lightened. Imposition of arbitrary apportioning, unjustified charging of fees, and unauthorized fining of the peasants is banned and this holds true for indiscriminate requisition. The peasants' lawfully earned income should be firmly protected.

As reform deepens, we should give the peasants new economic benefits in the days to come. We should seriously approach the widening trend in some areas of the already considerably narrowed scissors difference between industrial and agricultural products, continue to steadily straighten out price relations, including price parities between industrial and agricultural products and those between major farm products. With regard to the purchasing prices of farm products of different varieties, this year the state has adopted a trimming method in different regions, appropriately raised the purchasing prices of corn in the northeast and of top-quality paddy and cotton in the south, stabilized the marketing prices of agricultural means of production, continued to carry out the measures of "operating rural industrial enterprises to support agricultural production" and "developing agriculture by using funds drawn from the earnings of township enterprises and sideline production," and considerably increased investment in agricultural production. The problem of the sometimes strained and sometimes relaxed environment for the development of the second and tertiary industries in the rural areas, an environment vulnerable to change, should be dealt with in real earnest. It is necessary to have a correct grasp of the overall scheme of the readjustment of the structure of agricultural production, to make every effort to ensure grain production's success mainly by relying on boosting the per unit area yield, to develop diversified undertakings in line with local conditions, and to rationally lighten the excessive burdens of township enterprises. We must take a serious attitude toward the negative impact of excessively violent market fluctuations on the peasants' production, take a further step in straightening out things in the circulation channels between town and country, invigorate the rural financial sector, organize sale of products, open up the market for productive factors, such as funds and technology, and infuse fresh vigor into the rural economy.

To help the peasants develop the commodity economy and to open up more avenues to prosperity, first, it is necessary to continue to encourage some peasants to become better-off before others and to support the development of households specialized in all fields of endeavor so that the other peasants can become prosperous through hard work along with them. Efforts should be made to speed up the economic development of the poverty-stricken areas and to take solid help-the-poor measures to lead the vast numbers of peasants to common prosperity.

Next, it is also necessary to encourage the peasants to carry out developmental undertakings. As far as rural resources are concerned, although some resources, such as land and forests, are excessively utilized, generally speaking, the resources are far from being fully exploited. For example, some localities are still very rich in mineral and other natural resources. [paragraph continues]

We must widen our field of vision and orient our work to the needs of the market. The potentials for exploitable resources are huge enough and moreover, in the rural areas there are large numbers of surplus farm workers formerly engaged in crop cultivation. If they are combined with the rich natural resources, they can turn into a new productive force and become a source of tremendous wealth. The state has decided that in developing the mining industry in the future, the mines suitable for the peasants to open should be operated mainly by them and the state will hold itself responsible only for doing smelting and providing transport facilities. The peasants should be encouraged to undertake other developmental businesses as far as they can. Not only will this save state investment funds but it will also provide the peasants with new avenues to prosperity.

There is ample scope for the development of agricultural resources. There are bright prospects for the breeding industry in beaches along the coast. Numerous barren hills and rivers and lakes have yet to be tapped. Even in land resources there are still tremendous potentialities to exploit. By transforming large tracks of average- and low-yield land, further rationalizing the structure of the farming industry, effectively increasing investment in funds, technology, and labor, and by developing an agriculture of three dimensions, we can raise the economic results of land resources. Even the natural-resource-deficient regions are also encouraged to develop orchard economy and agricultural undertakings capable of earning foreign exchange, to process farm and sideline products, to develop five handicraft industries, and to export labor services.

The boost in the peasants' income will in turn increase investment in agriculture, accelerate the continued development of the rural economy, enhance the peasants' purchasing power, expand the capacity of rural markets, and bring a benign cycle to the national economy.

Our fundamental starting points in deepening the rural reforms and developing the rural economy are emancipating the productive forces, enabling the people to become prosperous day by day, and making the country prosperous and powerful with each passing day. Leading comrades at various levels engaged in rural work must have a sober understanding of this point, exert Herculean efforts to carry out their work creatively, and, while deepening the reform, gradually establish a sound rural economic structure, fully exploit rural resources, and strive to achieve comprehensive results so that the steady growth in the peasants' income can be maintained.

COMMENTATOR URGES FUTURE AGRICULTURE DEVELOPMENT

HE091249 Beijing RENMIN RIBAO in Chinese 2 Mar 87 p 1

[Commentator's article: "Augment the Strength Reserved for Agricultural Development"]

[Text] To augment the strength reserved for further agricultural development is one of the focuses of this year's economic work as well as a long-term task in the course of future rural economic development. It affects both the development of agriculture and the growth of the entire national economy. This is an important matter we can hardly afford to overlook as far as the overall economic situation is concerned.

The accumulation of strength for future development is a demand imposed on agriculture by China's developing national economy.

To further stimulate agricultural development, the party Central Committee and the State Council's relevant departments have pointed out the need to consider the fulfillment of the following two targets as unalterably required by the development of the country's national economy: First, to ensure that there will be 400 kg of grain for each individual by the end of this century and to strive to make the country's annual grain output higher than 450 billion kg and, in 2000, hit the 500 billion kg mark; second, while the income of city and town dwellers in the country is steadily increasing, to ensure that the peasants' per capita income will also steadily increase and to strive to make it gradually approach that of city and town dwellers. To fulfill these two targets, it is necessary to adhere to the idea and principle that agriculture has a fundamental importance and to adopt effective measures to ensure that agriculture will steadily develop, thus propelling agriculture to a new and more advanced stage of development.

What we achieved in agricultural development in recent years has drawn worldwide attention. The reforms over the past 7 years have strongly aroused the peasants' enthusiasm, enabled the economy to grow at high rates for several years, and greatly boosted people's confidence in the revitalization of agriculture. However, one should be able to clearly see that these ultra-high growth rates are mainly a result of the abrupt and simultaneous outburst of the country's long-restrained productive forces triggered off by the reforms. The problem of the undeveloped state of the country's agriculture has not been solved. There are still unfavorable conditions for further agricultural development. These unfavorable conditions are mainly the country's weak material and technological foundations in agriculture, the poor ecological environment, the exhaustion of some natural resources, and the problem of worn out facilities and equipment. All this constitutes the problem of the inadequate reserve strength for further agricultural development.

It is necessary to appropriately assess the present level of the country's agricultural development. On the one hand, we must not overlook our achievements by underrating it; however, on the other hand, we cannot overlook existing problems by overrating it. What should be pointed out is that given the succession of heartening changes in agricultural production in recent years, people can easily overlook the problems confronting them. Some comrades have suggested that the country's agriculture is basically up to standard and that there is no need to worry about it. Others think that as a result of the application of the system of contracted responsibilities with payment linked to output, agriculture has become capable of developing spontaneously without external support. In some parts of the country and some departments, the leadership over agriculture and the support for it have weakened in recent years. This is not unrelated to the above optimistic sentiments. To fulfill the task of breaking agriculture production records, it is necessary to try earnestly to overcome these sentiments.

The reforms and developments in the rural areas these years are important conditions for ensuring that agriculture will continue to develop steadily. To lay a solid foundation for future agricultural development, it is first necessary to make the reforms more deep-going and, second, to increase material input. Neither of these two things can be overlooked. Of all the key elements of production, man is the most important.

Therefore, the 800 million peasants' enthusiasm is doubtless of paramount importance to the reserved strength with which agriculture develops. We must hold firm to the reforms and the opening up policy, consolidate and develop the results of the reforms, and, by relying on the strength of our policies, tap the great potentials hidden among the peasants. However, if we simply carry out reforms without providing material input and without a combination of various key elements of production, productive forces cannot develop on a new level. [paragraph continues]

Thus, despite its meager financial strength, the state has decided to increase input in terms of funds and to adopt a series of effective measures to augment the reserve strength for further agricultural development in the "Seventh 5-Year Plan." So long as all our comrades in the party fully understand the strategic importance of agriculture to the national economy and earnestly implement these measures while trying to make the reforms more deep-going, we certainly can push the country's agriculture to a new stage of development.

COMMENTATOR EMPHASIZES 'SOFT INPUT' IN AGRICULTURE

HK121424 Beijing RENMIN RIBAO in Chinese 11 Mar 87 p 2

[Commentator's article: "Pay Attention to 'Soft Input' -- Third Talk on Increasing the Staying Power of Agriculture"]

[Text] Without input there would be no output. This truth is simple. To increase productive forces and the staying power of agriculture, it is necessary to constantly increase input in agriculture.

Input should include "hard wares" such as funds and materials as well as "soft wares" such as science and technology, management, and the training of qualified personnel. Facts have proved that "soft input" needs little money but can produce remarkable results. The output increase of Chuxian County is a typical example.

The course of economic development shows that it has become a historical trend to get more output and better results from little input. It is precisely the advanced science and technology and intelligent management means to reasonably reduce input while maintaining or increasing output. The gradual increase of "soft input" is the manifestation of the development of productive forces from a low to a high level.

Naturally, the stress on "soft input" is not tantamount to neglecting the importance of material input. It just means that we should not focus our attention merely on investment. We should acknowledge the following reality: On the one hand, we cannot increase investment in agriculture by a big margin within the near future because of the limited financial resources of the state; and on the other hand, there are latent potentials that can be tapped due to the relatively low level of technology and management of China's agriculture. There are still a number of scientific and technological achievements that have not yet been applied. If these achievements are widely spread, they can be converted into vigorous productive forces. It is unrealistic and also unwise to focus our attention merely on state funds. Conversely, it would be more realistic and be of positive significance to the short-term increase and long-term development of agriculture to focus our attention on "soft wares;" to make efforts to spread technology, improve management, and train qualified personnel; and to tap the latent potentials while encouraging peasants to increase material input and properly use the limited funds. Moreover, to increase "soft input," many things can be done with little money. So long as our work is properly done, we can achieve remarkable results with little effort.

In this regard, Chuxian, Tianshui, and many other localities have taken the lead and obtained enormous benefits. If other localities can also shift the focus of their attention and regard increasing "soft input" as a significant strategic measure, they will certainly play a role of "pitting one against ten."

NONGMIN RIBAO URGES ENLIVENING RURAL FINANCE

HK090648 Beijing NONGMIN RIBAO in Chinese 28 Feb 87 p 1

[Commentator's article: "Enliven Rural Finance, Open Up Capital Markets -- Fifth Talk on Deepening Rural Reform"]

[Text] Reforming the rural finance structure, developing varied multi-channel credit networks, and gradually setting up socialist capital markets on the premise of regulation and control by state plans is an important part of deepening rural reforms.

Rural development and construction funds mainly come from peasants' accumulation. Therefore, there must be a vigorous accumulation mechanism. For a long period of time, there was no capital market, and since financial organizations, credit forms, and funds accommodation channels are unitary, a large number of idle money in the rural areas cannot be concentrated. Particularly since the institution of the contract system of responsibility linked to production on a household basis and more deconcentration of the rural funds, due to the lack of effective measures to concentrate funds, the amount of idle money in society has been increasing and the contradiction between the supply and demand of money has become more and more striking. The objective situation indicates that the previous rural finance structure is unsuited to the development of the rural economy and it is necessary to vigorously promote reform of the rural finance structure and to open up rural capital markets. Only thus is it possible to effectively accumulate funds and create better conditions for developing the rural commodity economy.

It is necessary to develop varied capital accommodation forms. Over the past few years, along with the development of the rural commodity economy, peasants have started pounding at the old rural finance structure. They have developed varied capital accommodation forms. Not only have traditional people-to-people loans greatly developed, but some new capital accommodation methods, such as raising funds to buy shares and issuing shares and bonds, have been introduced. Some village-run cooperative economic organizations or enterprises have established cooperative foundations to accommodate funds internally. Some areas have established trust and investment companies to develop capital accommodation involving different areas and departments. These credit activities met different needs of the development of commodity production and help concentrate idle money in society and improve the shortage of funds in agriculture banks and credit cooperatives, showing relatively good economic results. We must affirm and support these creations of the masses, help them consolidate and upgrade their achievements, educate and supervise them to observe state financial regulations and implement financial policies, and promote them to develop more healthily.

It is necessary to grasp reform of the credit cooperative structure. Credit cooperatives, which are the biggest financial organizations in the rural areas, must overcome all long-standing defects of official-run organizations and truly turn themselves into cooperative financial organizations under the collective ownership system of peasants. On the basis of observing state financial regulations, credit cooperatives must enjoy full decisionmaking power in using money and the current situation of too much interference from outside credit cooperatives must be changed. As a collective-run financial organization, it is necessary for credit cooperatives to pay reserves. But the amount of reserves they pay at present is too large, which affects their operational ability and the ability to keep separate accounts and assume sole responsibility for their profits or losses. The amount of reserves must be reduced to the same level of that paid by professional banks. [paragraph continues]

The interest rates of credit cooperatives float according to the situation of supply and demand on capital market and with reference to the standard interest rates set by the state. The business scope of credit cooperatives should be expanded reasonably and the business of credit cooperatives should be allowed to overlap that of other financial organizations. On the basis of equality and mutual benefit, agriculture banks and other professional banks must provide service to credit cooperatives and they can also instruct each other to do business for them as agents, thus continuously improving economic results of credit cooperatives.

The key to reform of the rural financial structure lies in allowing interest rates to float reasonably. As funds are urgently needed, so there must be a reasonable price, that is an interest rate. If interest rates are not floating, then funds cannot circulate normally. Allowing interest rates to float reasonably in accordance with supply and demand on the capital market on the basis of the macroeconomic control exercised by the state by setting standard interest rates can help concentrate idle money in society, push the idle money to flow into enterprises with good economic results, and stimulate reasonable readjustment of the production structure. The idea that advocates the lower interest rate, and the idea that believes interest rates should remain unchanged for a long time do not correspond with the objective law of the development of commodity economy.

The formation of the rural capital markets is a natural process. Our task is to create a good environment for the growth of capital markets by carrying out reform of the finance structure. Capital markets are an important component part of the entire socialist market system. If reform in this field is properly carried out, the rural commodity will develop more rapidly.

COMMENTATOR STRESSES DEEPENING RURAL REFORM

HK100555 Beijing NONGMIN RIBAO in Chinese 3 Mar 87 p 1

[Commentator's article: "Further Perfect the Output-Related Contract Responsibility System With 2-Tier Operations -- Sixth Talk on Deepening the Rural Reform"]

[Text] It has been 4 or 5 years since the establishment throughout the country in 1982 of the output-related contract responsibility system. Practice has proved that this system has many strong points, complies with the development of the agricultural productive forces in China, and is well received by the peasants. A great deal of arduous work is quite necessary in order to perfect the output-related contract responsibility system so that it can be established as a long-term economic system in China.

The basic characteristic of the output-related contract responsibility system is the combination of decentralized and unified operations. Peasant households in most regions in China are engaged in decentralized operations; only a small number of them undertake jobs by contract in terms (groups). The combination of unified operation by the collective and decentralized operation on a household basis is the greatest creation of the output-related contract responsibility system. Perfecting this system means perfecting the 2-tier operational system. On the one hand, it is necessary to readjust the component and scale of the household decentralized operation to meet the development of the productive forces; on the other, in line with the component of the household decentralized operation, it is necessary to perfect the links in the collective unified operation and to improve service for peasant households.

In the course of perfecting the output-related contract responsibility system with 2-tier operations, meticulous and in-depth ideological work should be done well to dispel the peasants' misunderstandings and misgivings. Cadres at the basic level and the peasants should be educated in such a manner that they understand that the output-related contract responsibility system is the self-perfecting of China's rural socialist cooperative economic system. Township or village cooperative organizations with their land under public ownership have inherited the positive factors of the agricultural cooperative movement, retained the nature of both communes and regions, maintained the public ownership of land, and adhered to the collective unified operational system. Therefore, the output-related contract responsibility system is fundamentally different from "individual farming in separate fields." In some regions, of course, it will take time to bring into play the collective unified operational system, as this system is still restricted by economic conditions in these regions. but we should affirm the development orientation of the 2-tier operational system. In addition, it is also necessary to explain to grass-roots cadres and the peasants that perfecting the 2-tier operational system does not mean returning to the old path. Unlike the cooperative movement, perfecting the 2-tier operational system will create favorable conditions for the smooth development of the household decentralized operation. The fundamental purpose of perfecting the 2-tier operational system is to provide better service for the household decentralized operation.

Cooperative economic organizations have now been independently set up in some villages, and in others, village committees have combined village cooperation with village autonomy. In regions in which independent cooperative economic organizations have not been set up, village leading organs should combine autonomy with cooperation and, at the same time, perform the function of promoting production and providing service, the function of management and coordination, and the function of accumulating assets.

The collective unified operation has not been properly put into practice in quite a number of localities in the country. In the course of perfecting the output-related contract responsibility system, these localities should meet the needs of peasant households and run various service trades that peasant households cannot afford to undertake independently. Conditions permitting, these localities should engage in the exploitation of resources and run collective enterprises to increase their economic strength for serving peasant households and developing basic facilities.

COMMENTATOR VIEWS SECOND STEP IN RURAL REFORM

HK100813 Beijing JINGJI RIBAO in Chinese 28 Feb 87 p 1

[Commentator's article: "The Central Task of Second-Step Rural Reform"]

[Text] Since rural reform was begun, we have initially established a rural economy system that in essence suits the socialist planned commodity economy system. One of the important components of this new system is to have a system of product markets that support each other. Now, this system of product markets has just taken shape and is a great distance from final establishment and perfection. For the foreseeable future, according to the requirements for the planned development of the commodity economy, gradually reforming the system of the procurement of agricultural products and establishing and perfecting the system of agricultural product markets is the central task of second-step rural reform.

Agricultural products are a complicated and huge assortment of commodities and have characteristics different from marketable nonagricultural products in the course of circulation. To facilitate the smooth circulation of marketable agricultural products, it is essential to take these characteristics of agricultural products into full consideration in building the system of agricultural product markets. At present, special attention should be paid to the idea that according to their characteristics, agricultural products should be divided into several different large categories and, in the period when the new system replaces the old one, they should be dealt with differently in order to achieve results in several aspects: They should benefit the whole process of commodity production and smooth transition from the old to the new system, care should be taken of consumers' interests, and state macro control over markets should be enhanced.

What is especially important here is the policy of grain circulation. Grain occupies an especially important position in the food mix of our country and even in the national economy and the people's livelihood. It is important not only economically but also politically to maintain a stable supply in the grain markets. It is an important condition for maintaining stability and unity and for carrying out reform. One of the important factors for the good situation of our whole country over the past few years is the rapid development of grain production and suitable reform in its circulation. Judging from the present situation in supply and demand of grain and from the trend of development in our country, for a relatively long period of time into the future, we will not have the conditions for allowing grain to be completely and freely bought and sold in the markets and to be regulated by the markets but must continuously implement a "dual-track system" of ordering by contract and market procurement. In ordering by contract, peasants must guarantee the fulfillment of their contracts for selling grain to the state. After the fulfillment of the contracts, there can be the condition for allowing the rest of the grain to be freely bought and sold in the market and to be regulated by the market. We must explain this clearly to the peasants. We must put the interests of the state above everything else and, at the same time, create conditions for complete and penetrating reform.

Another important aspect of the building of the system of agricultural product markets is the building and perfecting of circulation organizations. A marked fact is that in the wake of the development of the rural commodity economy, the original circulation organizations far from suit the new situation in both quantity and quality. Although supply and marketing cooperatives and state commercial enterprises have carried out some reform over the past few years, they have done so insufficiently. They must continuously and penetratingly carry on so that they can suit and promote the penetrating development of rural reform as a whole. In building rural circulation organizations, we must slightly widen our field of vision, attach importance to peasants' own commodity circulation organizations, and give warm support and assistance to these organizations.

MEDIA AND PUBLICATIONS OFFICE 'FINAL AUTHORITY'

HK130835 Hong Kong HONGKONG STANDARD in English 13 Mar 87 p 8

[By Chan Wai-fong of the STANDARD's China desk]

[Text] China's newly-established Media and Publications Office is now the final authority on the publication of new materials.

A Beijing spokesman for the new office, Mr Yang Huai, told the STANDARD yesterday that all applications for the start-up of any new publication must go through the office which is now the sole approving authority. Even new Communist Party publications must be submitted, he said.

A report published by a local left-wing newspaper, WEN WEI PO, earlier this week said that new regulations on the registration of newspapers and magazines had also been introduced.

The regulations stipulate that newspapers and magazines applying for registration must have the prior approval of the departments concerned.

These are the party's Propaganda Department, the Media and Publications Office, the General Political Department of the People's Liberation Army, the State Scientific and Technological Commission and propaganda departments of provincial, municipal and autonomous regions' party committees.

Applications outlining their areas of coverage, areas of circulation, and the various editorial appointments must then be submitted to the Media and Publications Office for final approval.

However, Mr Wang said he had not heard about the new regulations alluded to by WEN WEI PO.

"The office has just been established. And a lot of things are yet to be settled," he added.

Meanwhile, Mr Wu Xingtang, a spokesman for the party's International Liaison Department told the STANDARD that the Propaganda Department could not be the final authority in such matters because it was a party establishment.

He, too, had no knowledge of the report nor of the new regulations.

"The new Office on Media and Publications should have the final say. And, any new regulations on the publication of newspapers and magazines will have to be discussed and approved by the National People's Congress.

"There are no specific laws and regulations governing the media at the moment. However, discussions on the matter have been going on for quite some time," he said.

At present, the Office of Media and Publications enjoys a status equivalent to an independent ministry under the State Council.

It has taken over the State Publications Bureau and has been given the responsibility of giving approval to China's new newspapers, magazines and publishing houses.

It will also work with other relevant departments in the drafting of new press laws to regulate China's media.

Political analysts claim that the new body has been designed to rein in newspapers and magazines that are not directly affiliated with the party and which have, in recent years, become more independent.

According to a recent survey of 11 provinces and cities including Beijing, Liaoning and Hubei, over seven million copies of illegal publications have been confiscated.

"We are working on these laws and regulations now. And there is still a lot that has to be worked out," Mr Wu added.

RULES ON PUBLICATIONS REGISTRATION PROMULGATED

HK130837 Hong Kong WEN WEI PO in Chinese 11 Mar 87 p 3

["Special Dispatch" by Yao Hsin-pao (1202 2946 0202): "Beijing Promulgates Regulations Requiring Registration of Publications in China"]

[Text] Shanghai 10 Mar -- All newspapers and journals formally published in the PRC are to undergo registration of their trade marks. This new measure is aimed at protecting the above-mentioned publications from counterfeiting and plagiarism.

As revealed in today's XINMIN WANBAO [NEW PEOPLE'S EVENING POST], the Shanghai Municipal Industrial and Commercial Administrative Bureau and the Municipal Bureau of Publications have jointly relayed a document issued by a department concerned under the central authorities regarding the "Nine Regulations on the Registration of Names of Newspapers and Journals as Trademarks." The regulations explicitly stipulate that newspapers and journals applying for the registration of their names as trademarks must have their establishment approved by any of the following departments: The CPC Central Committee Propaganda Department, the State Science and Technology Commission, the PLA General Political Department, the News and Publications Bureau, or the party committee Propaganda Department at provincial, municipal, or regional level.

ZHANG AIPING HOSPITALIZED DURING SPRING FESTIVAL

OW260323 Beijing XINHUA Domestic Service in Chinese 1453 GMT 25 Feb 87

[By reporter Guo Diancheng]

[Excerpt] Beijing, 25 Feb (XINHUA) -- [passage omitted] The PLA General Hospital held a tea party for its nurses' family members as suggested by Zhang Aiping, deputy secretary general of the Central Military Commission.

Zhang Aiping became ill and was hospitalized during the 1987 Spring Festival. On Chinese New Year's Eve, he was deeply touched by the fact that, although nurses could not have a family reunion at that time, they were enthusiastically serving the sick and injured. This old general, who had lived a military life for several decades, was so touched that he could not sleep that night. So he wrote a poem entitled "In Praise of Warriors in White and Their Dear Ones": "Medical and nursing work is like fighting on a battlefield, and they supplement each other like a bow and arrow. They serve at sickbeds day and night. Their family members gladly do household chores, while they heal the injured and rescue the dying; and honors go to both of them." Four days later, although he remained ill, he wrote this poem on a sheet of paper with a brush and presented it to the hospital nurses. He told the hospital leaders: Half the contributions made by nurses should belong to their family members. You should hold a discussion meeting to thank them and to extend them your regards.

Zhang Aiping and Hong Xuezhi, deputy secretary general of the Central Military Commission and director of the General Logistics Department, entered the auditorium with broad smiles on their faces. In his speech, Zhang Aiping said: Nurses' work is glorious, and their spirit of sacrificing their personal interests to serve the sick and injured is lofty. Society as a whole should respect and support their work and learn from their lofty ideals. He extended his heartfelt thanks and respect to the nurses and their family members. [passage omitted]

XI ZHONGXUN AT WU KEHUA MEMORIAL IN GUANGZHOU

OW270433 Beijing XINHUA Domestic Service in Chinese 1427 GMT 26 Feb 87

[Excerpts] Guangzhou, 26 Feb (XINHUA) — Comrade Wu Kehua, member of the Advisory Commission of the CPC Central Committee and former commander of the Guangzhou Military Region, died of illness in Guangzhou on 13 February 1987. Party, government, and Army leaders and PLA commanders and fighters paid their last respects to Comrade Wu Kehua's remains, and mourned him with deep grief this morning. He was an exemplary CPC member, long-tested loyal communist fighter, proletarian revolutionary, and excellent military commander.

There were wreaths from comrades Zhao Ziyang, Deng Xiaoping, Li Xiannian, Chen Yun, Hu Yaobang, Peng Zhen, Xu Xiangqian, Nie Rongzhen, Xi Zhongxun, Fang Yi, Tian Jiyun, Yang Shangkun, Yang Dezhi, Yu Qiuli, Qin Jiwei, Chen Pixian, Wang Zhen, Bo Yibo, Song Renqiong, Wang Ping, Wang Shoudao, Wu Xiuqian, Liu Lantao, Jiang Hua, Li Yimang, Li Desheng, Xiao Ke, Song Shilun, Lu Dingyi, Chen Xilian, Duan Junyi, Geng Biao, Ji Pengfei, Huang Zhen, Huang Huoqing, Cheng Zihua, Cai Chang, Li Jingquan, Xiao Jingguang, He Changgong, Fu Zhong, Wei Guoqing, Gu Mu, Zhang Jingfu, Zhang Aiping, Hong Xuezhi, Kang Keqing, Tao Zhiyue, Yang Chengwu, Chen Zaidao, Lu Zhengcao, Tan Zheng, Li Da, Li Zhimin, and Li Jukui. [passage omitted]

Comrades Xi Zhongxun, Yang Chengwu, Li Yaowen, Ren Zhongyi, Lin Ruo, and Ye Xuanping were present at the memorial ceremony. Zhu Yuqian, Zhang Zheng, and Wang Lei attended the memorial ceremony on behalf of the Central Advisory Commission, the Central Military Commission, and the PLA General Department.

Comrade Chen Yun's wife, Yu Ruomu, visited Comrade Wu Kehua's widow, Zhang Ming, and her children, and expressed her deep sympathy on behalf of Comrade Chen Yun.

Zhang Zhongxian, political commissar of the Guangzhou Military Region, presided over the memorial ceremony. You Taizhong, commander of the Guangzhou Military Region, delivered a memorial speech. [passage omitted]

WANG ENMAO ATTENDS XINJIANG MEMORIAL MEETING

HK101441 Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 9 Mar 87

[Excerpt] Comrade (Chen Jingzhou), member of the autonomous regional Advisory Commission Standing Committee, died of illness on 3 March in Urumqi at the age of 73. This morning a ceremony to pay last respects to the remains of Comrade (Chen Jingzhou) was held at the auditorium of the regional CPPCC Committee. Attending the ceremony were Wang Enmao, vice chairman of the CPPCC National Committee and chairman of the autonomous regional Advisory Commission, and Song Hanliang, Tomur Dawamat, Janabil, Li Shoushan, Zhang Sixue, Qi Guo, Bai Chengming, Tuersun Atawula, and Wang Zhenwen, leading comrades from the autonomous region. They also expressed sympathy and solicitude for Comrade (Chen Jingzhou's) relatives. [passage omitted]

Sending wreaths to the ceremony were the State Family Planning Commission, the autonomous regional party committee, the autonomous regional Advisory Commission, the autonomous regional Discipline Inspection Commission, the autonomous regional people's Congress Standing Committee, the autonomous regional people's government, the autonomous regional CPPCC Committee, the Xinjiang Military District Headquarters, the Xinjiang Production and Construction Corps, and other relevant units. Also sending wreaths to the ceremony were Seypidin Aizezi, Qian Xinzhang, Wang Wei, and Ismail Amat.

SICHUAN COMMENTARY STRESSES ECONOMY DRIVE

HK120121 Chengdu Sichuan Provincial Service in Mandarin 2300 GMT 10 Mar 87

[Station commentary: "Immediately Go Into Action To Unfold the Drive To Increase Production, Practice Economy, Increase Revenue, and Reduce Expenditure"]

[Excerpts] This year, the party central authorities and the State Council suggested that a drive to increase production, practice economy, increase revenue, and reduce expenditure be unfolded in all walks of life throughout the country. And yesterday afternoon, the provincial party committee and the provincial government called a mobilization meeting to assign tasks to launch the drive. The current situation demands that the vast number of cadres and the broad masses take action to cool down the overheated atmosphere in accordance with the guideline laid down by the central authorities and the provincial party committee and make greater efforts to create a favorable economic environment. [passage omitted]

Ours is a developing country and Sichuan is a large province with a vast territory and a large population. The province has made tremendous progress in economic development since the 3d Plenary Session of the 11th CPC Central Committee. However, there is an imbalance in economic development between different parts of the province, the degree of improvement in the people's livelihood varies remarkably from place to place, and we still have a long way to go before achieving a better standard of living. In order to successfully build material and spiritual civilizations, we must carry forward the glorious tradition of hard work, conscientiously unfold the drive of increasing production, practicing economy, increasing revenue, and reducing expenditure; create a favorable social and economic environment for the opening-up process, the reform, the effort to enliven the economy, and social stability; avoid unnecessary imbalance and twists and turns in the economic development of the province and the improvement of the people's livelihood; and strive for a balanced and steady growth. It is now high time for us to launch the drive of increasing production, practicing economy, increasing revenue, and reducing expenditure, to make up our minds, and to immediately go into action. We should promptly work out specific measures and set to implementing them. At the same time, we must improve our work methods, stress practical results, and make sustained effort to carry out the drive in a deep-going and healthy way.

XIZANG HOLDS MEETING ON PROMOTING ECONOMIC WORK

HK111237 Lhasa Xizang Regional Service in Mandarin 1130 GMT 10 Mar 87

[Excerpts] An autonomous regional meeting of commissioners and mayors noted: In carrying out our region's economic work this year, we must concentrate on successfully grasping the two major tasks, namely, the major task of increasing production and practicing economy and increasing revenue and reducing expenditure, and the major task of deepening the reform of enterprises and strengthening the vitality of enterprises.

The autonomous regional people's government convened the regional meeting of commissioners and mayors from 5 to 9 March in Lhasa. A total of 98 people attended the meeting. They included commissioners and mayors from all prefectures and cities, chairmen of the economic planning commissions at the prefectoral and city levels, directors of prefectoral and city finance departments, and leaders of prefectoral organizations.

The spirit of the national meeting of provincial governors and the spirit of the national conferences on economic work and finance were conveyed and studied during this meeting. Participants in the meeting listened to and discussed the reports on the regional financial budget for 1987 and on the region's plan for national economic development. The reports were delivered by (Tian Fujun), director of the autonomous regional Finance Department, and (Xiang Yang), chairman of the autonomous regional Economic Planning Commission, on behalf of the autonomous regional people's government. [passage omitted]

The participating comrades noted: Last year our region reaped a good moderate year's harvests of agricultural and animal husbandry production despite various serious disasters. Last year, our region's total grain output exceeded 900 million jin, the total output value of the region's animal husbandry increased by over 7 percent as compared with 1985, the per-capita income among the region's peasants and herdsmen approached the level of the previous year, and the region's market was brisk with an ample supply of commodities and relatively stable prices. Moreover, the region's foreign trade and tourism made new steps and scored gratifying achievements. The region also successfully implemented its financial budget, increased revenue, reduced deficits, and achieved a balance between income and expenditure together with a small surplus. [passage omitted]

The meeting of commissioners and mayors concluded on 9 March. Raidi and Dangzin, deputy secretaries of the autonomous regional party committee, attended and delivered important speeches at the closing ceremony. Also attending the closing ceremony were Gyibug Puncog Cedain and Gong Daxi, vice chairmen of the autonomous regional people's government. Doje Cering, chairman of the regional people's government, made a concluding report. In his report, he first pointed out that the following general demands and major measures have been made and adopted for promoting our region's economic work this year: opposing waste, cutting down expenses, controlling the scale of capital construction to ensure the building of key projects, deepening the reform, making up deficits and increasing surpluses, and developing production and increasing revenue. [passage omitted]

Referring to the work of deepening the reform of enterprises and strengthening the vitality of enterprises, Chairman Doje Cering said: Our region's enterprises are overburdened. To enable our enterprises to "go into battle with light packs" [qingzhuang shangzhen, 6535 5944 0006 7109], the regional party committee and the regional people's government have decided that the expenses in running schools that are borne by enterprises will be covered by educational funds, that expenses of personnel leaving jobs for convalescence and of retired personnel will be planned as a whole, and that one-time settlement expenses will be primarily covered by the funds of the autonomous region on the premise that all prefectures and cities have done everything in their power. [passage omitted]

HEBEI'S XING CHONGZHI VIEWS BOURGEOIS LIBERALISM

SK120700 Shijizhuang HEBEI RIBAO in Chinese 1 Mar 87 pp 1-2

["Excerpts" of speech by Xing Chongzhi at the conference of secretaries of the prefectoral and city party committees on 21 February 1987: "Uphold the Four Cardinal Principles and Deepen the Struggle Against Bourgeois Liberalism"]

[Text] Comrades: In line with the spirit of the central authorities' directives, the topic for discussions at the conference has been defined as the issue of how to conduct education on the four cardinal principles among the people to deepen the province's struggle against bourgeois liberalism in a healthy manner. Since the beginning of 1987, the central authorities have successively issued the directive on waging struggle against bourgeois liberalism and a series of important instructions concerned. These instructions and the directive have profoundly set forth the struggle's nature, significance, scope, and emphasis, and the policy boundaries in the struggle in an overall manner. Therefore, we must earnestly study them, deepen our understanding of them, and resolutely implement them.

I. Party Committees at All Levels Should Earnestly Do a Good Job in Grasping the Major Task of Combating Bourgeois Liberalism.

During the former period, the party committees at all levels throughout the province attached importance to the struggle against bourgeois liberalism, adopted a serious and immediate attitude toward the relaying and implementing of the central authorities' directives, has more definite viewpoints in guiding ideology, and did a great deal of work in the activities. The broad masses of party members and cadres have heightened their consciousness. However, in line with the demand set forth by the CPC Central Committee, a large number of comrades have not raised their understanding to the required level and some have even had incorrect viewpoints. Therefore, the key to deepening the struggle lies in our leading cadres at all levels to further heighten their understanding.

Upholding the four cardinal principles and opposing bourgeois liberalism are not principles issued at present, but are important guidelines which have been consistently upheld by the CPC Central Committee during the period since the 3d Plenary Session of the 11th CPC Central Committee. After the smashing of the "gang of four" and particularly since the 3d Plenary Session of the 11th CPC Central Committee, our party has brought order out of chaos in guiding ideology. During the period, there has been a struggle between the following two lines: Efforts have been made to oppose the major trend, the stubborn "leftist" ideology, that has hindered the implementation of the line set forth during the period since the 3d Plenary Session of the 11th CPC Central Committee on the one hand; and efforts have been made to combat the trend emerging in rightist ideology, which has also hindered the implementation of the party's line on the other hand. The central authorities have repeatedly put forth that while combating the "leftist" trend, efforts should also be made to criticize rightist deviation. In particular, Comrade Deng Xiaoping, on behalf of the CPC Central Committee, put forward this question at the earliest date, mentioned this question on so many occasions, and has expounded on this question in a most profound and resolute manner. At the meeting on discussing theoretical work in March 1979, Comrade Deng Xiaoping delivered an important speech entitled "Uphold the Four Cardinal Principles," in which he pointed out: "After the smashing of the 'gang of four' and ever since the 3d Plenary Session of the 11th CPC Central Committee, a series of principles and policies adopted by the CPC Central Committee have always been based on upholding the four cardinal principles." Meanwhile, he also pointed out that the ideological trend rising among a number of persons with regard to suspecting or opposing the four cardinal principles has brought very serious damage to our cause. [paragraph continues]

"If we shake our will on any of the four principles, we will shake the progress of our socialist cause and modernization program as a whole." In his speech entitled "The Current Situation and Tasks" in January 1980, he also warned us that "it is imperative not to be naive and to have clear understanding" on the so-called "democratic faction" that has openly opposed the socialist systems and the CPC's leadership and on those who have ulterior motives. In his speech entitled "Implement the Principles Set for Readjustment To Ensure Stability and Unity" in December 1980, he clearly pointed out that "efforts should be made to criticize and oppose worship of capitalism and the trend of advocating bourgeois liberalism." In his speech entitled "On the Questions Emerging on the Ideological Front" in July 1981, he emphatically stated: "The core of bourgeois liberalism is aimed at opposing the party's leadership; without the party's leadership, there will be no socialist system." While accusing some persons who tried to divorce themselves from the socialist path and from the party's leadership and to conduct bourgeois liberalism, he also emphatically stated: "The current major problem is not the suffrage of these phenomena, but is that we have been weak in dealing with these phenomena and have dissipated our fighting strength."

In October 1983, at the 2d Plenary Session of the 12th CPC Central Committee, Comrade Xiaoping further put forward that the work of opposing spiritual pollution should be regarded as one of the pressing tasks on the ideological front. He acutely pointed out: "The essence of spiritual pollution is to disseminate all kinds of bourgeois and other decadent and moribund ideas of the exploiting class and the sentiments of not trusting the socialist and communist cause and the Communist Party's leadership." In May and June 1985, Comrade Xiaoping repeatedly stressed in his speeches during his foreign affairs activities on two occasions: "In our country, practicing bourgeois liberalism means following the capitalist road; if we practice bourgeois liberalism, our country will become a society of chaos. Without a stable society, nothing will be achieved. To us, this is an issue of principle and crucial importance." In September 1986, at the 6th Plenary Session of the 12th CPC Central Committee, Comrade Xiaoping reaffirmed the issue of opposing bourgeois liberalism and stressed the protracted nature of this struggle. He pointed out: We should pay attention to opposing bourgeois liberalism not only this time. It should be stressed for 10 or 20 years. As for Comrade Xiaoping's recent important speech on opposing bourgeois liberalism, I need not give further examples, because all people are now studying them.

Comrade Xiaoping has unceasingly reminded the entire party to launch a long-term struggle against the ideological trend of bourgeois liberalism. The purpose of this struggle is to urge us to comprehensively and correctly implement the line defined since the 3d Plenary Session of the 11th CPC Central Committee. The first is to uphold the four cardinal principles, and the second is to conduct reform and the work of opening to the outside world and invigorating the domestic economy. In the course of opening to the outside world and invigorating the domestic economy, it is unavoidable to have corrosive bourgeois ideas. Furthermore, it is impossible to eliminate at one swoop the pernicious influence of the old society, the filth caused by the 10 years of turmoil, and the historical remains. These international influences and domestic reasons call on us to consider the struggle against bourgeois liberalism not only a current major matter but also a long-term task for the days to come. This task must be implemented throughout the whole process of opening to the outside world and invigorating the economy. This struggle has a vital bearing on the success or failure in comprehensive reform and opening to the outside world, on what kind of people of the new generation will inherit the socialist cause, and on the future and destiny of the party and the state. Therefore, it is "an issue of principle and of crucial importance." It is closely related to the fundamental interests of the broad masses of people. The unrest caused by a small number of students not long ago was caused by our failure in adopting a clear-cut stand and a resolute attitude in opposing the ideological trend of bourgeois liberalism in the past few years.

We should draw a lesson from this, review Comrade Xiaoping's series of important expositions on upholding the four cardinal principles and opposing bourgeois liberalism, clearly understand the seriousness and protracted nature of this struggle, and conscientiously grasp this major matter with a clear-cut and resolute stand.

II. We Should Always Bear in Mind Education Through Positive Examples for the Broad Masses of Party Members.

According to the central directives, the current struggle against bourgeois liberalism should be focused on solving the problems concerning the fundamental political principles and orientation. The most important is to oppose the erroneous ideological trend of attempting to shake off the party's leadership and to negate the socialist road. This struggle should be strictly limited to the party and should be merely carried out in the political ideological spheres. Generally speaking, we should conduct education among the broad masses of party members on upholding the four cardinal principles and on comprehensively and correctly understanding and implementing the line, principles, and policies defined since the 3d Plenary Session of the 11th CPC Central Committee. Always bearing education in mind constitutes an important principle which we must firmly grasp during this struggle. For this, we must clearly understand and resolutely implement this principle in our practical work.

In line with the scope prescribed by the party Central Committee, the provincial party committee has decided that education with positive examples on opposing bourgeois liberalism should be carried out this year among the party members and government organs at and above the township levels, urban plants, shops, schools, hospitals, research institutions and other enterprises and establishments, armed police forces, and various units affiliated with the provincial Military District. When implementing the decision of the provincial party committee and continuing to train cadres in rotation, provincial organs and various localities should make it a key point of the study to uphold the four cardinal principles and oppose bourgeois liberalism. With regard to the party-member cadres and ordinary party members of some organs, enterprises, and establishments who have already undergone the training, party organizations at all levels should make unified arrangements to gather them in small groups or adopt other measures for their study, which should last more than half a month and should yield actual results. In the rural areas we should intensify education on the four cardinal principles among party members in line with the requirements set forth by the party Rectification Guidance Commission of the party Central Committee, and in connection with consolidating and developing party rectification achievements. Propaganda departments should cooperate with relevant units to compile simple teaching materials, and conduct the education through party lectures, training backbone personnel, and other methods. With regard to the masses of people, the education should be focused on the study of and propaganda on the NPC Standing Committee's decision on "intensifying education on the legal system to maintain stability and unity."

The major teaching materials for the present education on opposing bourgeois liberalism are: 1) the series of important instructions issued by the central authorities since the beginning of this year, and the NPC Standing Committee's decision on "intensifying education on the legal system to maintain stability and unity;" 2) the important expositions on upholding the four cardinal principles and opposing bourgeois liberalism issued by the party Central Committee and, especially, Comrade Deng Xiaoping since the 3d Plenary Session of the 11th CPC Central Committee, and the relevant expositions of Marx, Lenin and Comrade Mao Zedong; and 3) important editorials, commentaries, and articles on opposing bourgeois liberalism carried in RENMIN RIBAO and Hongqi. We should adhere to the principle of integrating theory with practice in organising the present study. [paragraph continues]

We should keep in mind the tremendous achievements scored over the past three decades and more since the founding of the country, especially since the 3d Plenary Session of the 11th CPC Central Committee, and the historical experiences of our party to clarify our confused ideas, and enhance our initiative in upholding the four cardinal principles. During the study, we should analyze and criticize the erroneous speeches of Fang Lizhi, Wang Ruowang and Liu Binyan with convincing arguments and evidence to enable the masses of party members to further correct the political orientation and increase their ability for distinguishing right from wrong.

Through the present education, we should make party members clearly understand the following issues. First, they should clearly understand the nature of the struggle against bourgeois liberalism, and its seriousness, importance, and protractedness. Second, they should clearly understand the two basic points of the line adopted since the 3d Plenary Session of the 11th CPC Central Committee and their relations, and clearly understand that building socialism with Chinese characteristics will be impossible without either of them in order to enhance their initiative in upholding the cardinal principles, carrying out reform, opening to the outside world and enlivening the domestic economy, and correctly wage the innerparty struggle between the two fronts to oppose "leftism" and rightism whenever they appear. Third, they should clearly understand that the most important of the four cardinal principles are to uphold party leadership and the socialist road, with the former as the core. At the same time, they should also clearly understand that to uphold party leadership, it is necessary to improve party leadership, and to uphold socialist road, it is necessary to develop and improve the socialist system through reform. Fourth, they should clearly understand that Marxism-Leninism-Mao Zedong Thought is the theoretical foundation for guiding the successful progress of our various causes. They should both adhere to and develop Marxism in the course of practice in revolution and construction.

Fifth, they should clearly understand the extreme importance of persisting in people's democratic dictatorship; should fundamentally distinguish between socialist democracy and capitalist democracy; and should understand that democracy and dictatorship, democracy and legality, and liberty and discipline are inseparable from each other. The development of high democracy must be carried out in a well-guided and step-by-step manner since it requires a process. Sixth, they should clearly understand that there must be a political situation characterized by stability and unity to conduct socialist modernization. Thus, each and every comrade must fully cherish the excellent situation, which has not easily taken shape. The aforementioned six points are major ones on which to carry out education. All localities and units should pay particular attention to their actual conditions and the thinking of party members and should readjust the importance of these six points while conducting education for their party members. However, the content of the education must closely "concentrate on solving problems concerning basic political principle and orientation."

Leading bodies of party organizations at all levels must take the lead in studying relevant instructions. Party committees at or above the county level should concentrate a certain period of time on deeply reviewing the situation of the work of political and ideological fronts done over the past few years in order to understand what problems concerning guiding ideology exist and what experiences and lessons they have gained. They should adopt appropriate measures for truly changing the flabby and confused situation on the ideological and political fronts.

In the course of conducting education on opposing bourgeois liberalism, we should practice comradely criticism at regular party activities for the party members with systematic ideas of bourgeois liberalism. The party members whose offenses in engaging in bourgeois liberalism are serious, and who refuse to correct their mistakes through repeated education must be properly punished in accordance with party discipline and according to their different conditions and must be reported to the provincial Discipline Inspection Commission for the record. A party member who should be expelled from the party must receive approval from the provincial Discipline Inspection Commission.

III. Further Strengthen and Improve the Ideological and Political Work of Institutions of Higher Learning.

At the end of last year when student unrest took place in some localities, party committees at all levels throughout the province, particularly leaders, political working personnel, and backbones of teachers and students in institutions of higher learning, effectively did much painstaking work on the frontline so that some problems whose symptoms brought about disturbances were solved in a timely manner and the situation of universities and colleges has basically been stabilized. This expounds that the leading bodies of institutions of higher learning are good and the ideological and political workers have brought their important role into play. However, we must fully estimate that the ideological trend of bourgeois liberalism is an unstable factor affecting some young students. We must clearly understand that socialist institutions of higher learning are places to cultivate skilled persons with ideals, morality, education, and a sense of discipline for socialist modernization. We must persist in the correct political orientation, comprehensively implement the educational principles of the party, but never let the ideological trend of bourgeois liberalism poison the young generation. Students' attitude of adhering to the four cardinal principles and opposing bourgeois liberalism should be regarded as an important standard in assessing the schools' educational quality, students' moral character, and advanced classes. This year institutions of higher learning should attach primary importance to the task of adhering to the four cardinal principles and opposing bourgeois liberalism, and make sure to successfully attend to it.

At the beginning of the new semester, institutions of higher learning should focus on improving and strengthening ideological and political work and carrying out education by setting positive examples in order to further stabilize their situation. They must first organize study courses for the vast number of political work personnel and teachers, particularly young teachers. Simultaneously, institutions must rely on them to deeply investigate the students' ideological situation and to make more accurate analysis so that they will be able to proceed from reality to adopt effective methods to vividly conduct education. We should organize the vast number of students to study relevant instructions, to criticize the wrong ideas of bourgeois liberalism, to get rid of confused and wrong thinking, and to distinguish truth from falsehood in solving problems concerning political principle and orientation. Efforts should be made to enhance legal education to strictly enforce school regulations and discipline. Those who have violated school regulations and discipline should be distinguished from those who have indulged in bourgeois liberalism and should be dealt with in line with the provisions concerned.

The current various ideological problems committed by the students are not accidental. Many college students have mastered very little basic Marxist theory, know so little history and the current situation of our country and nation, engaged in so few activities in social practice, and lack dialectical ideology and practical knowledge. Therefore, it is very easy for them to be affected by the trend of bourgeois liberalism. To deal with this problem, the higher education institutions should make efforts to improve education on Marxism-Leninism among their students, to guide the students to join in social practice, and to fundamentally enhance ideological and political work. Efforts should be made to enhance the adaptation of Marxist-Leninist theoretical courses, to raise the quality of teaching work, and to help the students foster a scientific world outlook and methodology. A good job should be done in organizing and guiding the activities of party and CYL committees, spare-time party schools, and students' circles; and in operating school news, periodicals, and broadcasting stations in order to enhance the propaganda units and the media in the higher educational institutions to uphold the four cardinal principles and to play an active role in training the younger generations the "four haves". We should regard the students' activities of social practice as their required courses and do a good job in carefully organizing these courses. Efforts should be made to make use of various opportunities and to adopt various ways and means to enhance students to discern the correctness of the party's line, principles, and policies while conducting activities of labor work for public benefit, production practice, social survey, scientific and technological services, and of the work-study program, as well as to enable them to deepen their affection with the workers, peasants, and People's Liberation Army and to learn correct ideology and morality. The party committees, the governments, and various social circles in various localities should support and attach importance to these activities and make things convenient for them.

Schools should actively establish or improve formal, regular, and various channels of dialogue with students and their leading cadres should frequently go deep among the students to learn about and conduct guidance over their ideological problems. Efforts should be made to earnestly solicit and accept the students' reasonable and correct suggestions and criticism and to realistically correct problems in line with their suggestions. We should clearly present all reasonable problems to the students for which they cannot obtain answers at present, point out problems among the unreasonable and incorrect questions, and by no means should we yield to these problems and make promises to the students at will in dealing with these problems. We should also conduct education and guidance among students who have committed some muddled and erroneous ideas, and by no means should we become impatient and simplify the process of correcting these muddled ideas. Formal channels for students to express their feelings and will and the improvement of our work are most favorable to enhancing stability and unity.

Efforts should be made to vigorously build a contingent of personnel in charge of ideological and political work who ardently love their own work and can display a devoted spirit. We should reinforce or strengthen the contingent of full-time cadres in charge of political work among the schools and make efforts to train a large number of "double burden" teachers who not only can assume the tasks of teaching and scientific research, but also can take up ideological and political work. All school teachers, staff members, and workers should be able to train the young people by teaching and to serve the programs of training the young people. We should regard the practical achievements scored by the teachers and political work cadres in conducting education on ideological and political work among the students as a content of their work appraisal and post promotion. Efforts should be made to enhance the building of the party and CYL organizations and student federations and to bring into full play the leading and model role of the CPC and CYL members and student cadres in school activities.

It is also necessary for general middle schools and secondary vocational schools to enhance their ideological and political work and to do a good job in conducting education on positive deeds among the teachers and students.

The Scientific Education Department under the provincial party committee, the provincial Education Commission, and the prefectoral and city party committees concerned should enhance their leadership over the work done by the higher educational institutions and realistically go deep into one or two institutions to learn of their situations and to sum up the experiences gained by the institutions so as to guide or push forward the ideological and political work throughout them.

IV. Press, Publishing, Broadcasting, Television and Other Cultural Units Should Adhere to the Correct Ideological and Political Orientation.

Being the mouthpiece of the party and the people, the party's newspapers and journals, the state broadcasting and television programs, and relevant publication should publicize without preconditions the line, principles, and policies of the party and government under the leadership of the party. This is in conformity with their functions as mass media and knowledge carriers to spread information and report the people's demands. This front should also be reformed, but never for the purpose of weakening or changing its basic nature as the mouthpiece of the party and the people. Rather, it is to serve as the mouthpiece of the party and the people still better that the reform should be carried out. The newspapers and journals run by some organs, institutions, and organizations should also adhere to the correct political orientation, and the content of their propaganda should conform to the people's needs and the spirit of our times.

In order to further correct the ideological and political orientation of press, publishing, broadcasting and television units, party organizations of all relevant departments and units should educate their party members and cadres to uphold the four cardinal principles, clarify the guiding ideology, strive to improve their work, upgrade their propaganda quality, and improve its results. Newspapers and political theory journals at the provincial, prefectoral, and city levels should actively plunge into the struggle against bourgeois liberalism and organize reports and selectively carry relevant theoretical or articles of criticism in a planned manner. Philosophical and social science research units and theoretical work units should do active work to write and organize theoretical and articles of criticism. All press and mass media departments and units should establish and perfect necessary examination, approval, and personal responsibility systems and strictly enforce propaganda discipline. From now on, major political incidents should be strictly handled, with the responsibility investigated and affixed. While improving ideology and systems, we should also properly straighten out and improve organizations. We should thoroughly change the situation of some newspaper and journal offices which lack competent leading cadres and qualified report writing and collecting personnel, and which are poorly managed, and replenish the leading posts of these units with comrades in the prime of life who have both ability and political integrity. Personnel who have advocated bourgeois liberalism and violated the party's propaganda discipline for a long period of time, and who refuse to mend their ways despite repeated education, should be resolutely transferred to other units. The provincial as well as prefectoral and city party committees' propaganda departments should cooperate with pertinent departments to ascertain the situation, and make a determination to close down the newspapers and journals of low quality which adhere to an erroneous political orientation. We should continue to strengthen management of the cultural market in society and strictly deal with it according to pertinent laws and regulations any indiscriminate compilation, publication, and sales of the newspapers and journals with serious problems, and any broadcasting and sales of pornographic audio and video products.

Literary and art activities and institutions should comprehensively implement the policy of letting a hundred flowers blossom and a hundred schools of thought contend, and adhere to the orientation of serving the people and socialism so as to promote the sound development of the province's literature and art. The trend of development in the province's literature and art has been good and flourishing over the past few years, but there are still some problems, which should be solved through positive guidance. While implementing the "double-hundred" policy and adhering to the orientation of "serving the two," and on the premise of upholding the four cardinal principles as stipulated by the Constitution, we should exercise freedom of academic activities, of creative writing, of discussion, and of criticism and counter-criticism. Our literary and art workers should have a strong sense of responsibility to the society and, with the guidance of Marxism, actively plunge into the thick of life to familiarize themselves with the people, and to create more and better intellectual products for them, especially young people, so as to meet the urgent needs of their cultural lives.

In China's historical condition of a planned commodity economy, most intellectual products should enter the circulation sphere as commodities, but none of them should be commercialized in disregard of the purpose of their production. This is decided by the socialist nature of the production of the intellectual products of our country. Therefore, press and publishing, broadcasting and television, and literary and art units should unfailingly take social benefit as the ultimate criterion. Generally speaking, social benefits and economic results are integrated. However, under certain circumstances there are contradictions between the two. The principle of solving this issue is to submit economic results to social benefits. The relevant departments should adopt supportive measures in those units which have good social benefits but poor economic results, and resolutely stop the operation of those which can earn money but yield poor social benefits. In the books, newspapers, and periodicals we publish and the programs we stage and broadcast, there must not be harmful things or many things that are harmful or not beneficial. There must be lots of beneficial but not harmful things. We should enable our readers and views to be educated and inspired by all kinds of spiritual food. We should also encourage them to participate in the seething reform and construction cause.

V. We Should Understand the Situation, Grasp Policies, and Carefully Guide the Sound Development of This Struggle.

Party committees at all levels should do a good job in leading the struggle against bourgeois liberalism. One of the most important things they should do is to understand the situation and to grasp policies at all time. It is necessary to grasp the progress of the struggle. Through conducting intensive investigations, we should clearly understand what are the ideological misgivings and confused understanding of the broad masses of party members, what problems we should solve if we are to educate them by positive examples, and what kind of situations we will encounter with the unceasing deepening of the struggle. We should also give different guidance according to different situations and guard against uniformity. It is necessary to sum up and exchange experiences in a timely manner, and conscientiously solve the existing problems.

The key to ensuring a sustained and sound development in the struggle against bourgeois liberalism lies in our efforts to manage things in line with the principles and policies stipulated by the central authorities. [paragraph continues]

Judging from the current situation, we should differentiate blind worship of foreign things and admiration of Western ways of living from the advocacy of "total Westernization;" the theoretical exploration in reform and mistakes in the course of practice from total negation of the socialist system; the unhealthy trends exposed by the masses inside and outside the party and criticism against the party's leading cadres from opposing the party's leadership; comrades who have given some wrong speeches or written some erroneous articles because of the ideological influence of liberalism from those who fundamentally oppose the four cardinal principles; and the manifestation of liberalization and individualism on the part of the party members and cadres from the practice of bourgeois liberalism. Certainly, we should also pay great attention to those negative things which are not problems of bourgeois liberalism but are things that harm the people's interests and affect the relations between the party and the masses. We should solve problems according to their nature: by no means should we leave them untouched. Meanwhile, we should also clearly define that the struggle against bourgeois liberalism should be merely carried out in the political and ideological spheres. It should not affect the urban and rural economic policies and the economic reform measures, scientific and technological studies, the exploration of literary and artistic styles and techniques, and the daily lives of the people. While making continued efforts to implement policies in favor of invigorating the economy and enterprises and developing the socialist scientific and cultural undertakings, we should also call for efforts to actively conduct new explorations and experiments.

The policy of the party Central Committee on the struggle to oppose bourgeois liberalism should be grasped not only by leading cadres but should also be understood by the broad masses of people inside and outside the party. At present, some people still have misgivings and confused understanding. They worry that the struggle against bourgeois liberalism will disrupt the situation and make the policies change. They fail to recognize the fact that the rampancy of the ideological trend of bourgeois liberalism is aimed at preventing turmoil. Our efforts to oppose bourgeois liberalism are aimed at preventing turmoil. They also fail to recognize that the struggle against bourgeois liberalism is not aimed at changing the policies in force but for the sake of comprehensively and correctly implementing the line, principles, and policies defined since the 3d Plenary Session of the 11th CPC Central Committee in a better manner. Through propaganda and education, we should unite the people's ideology and understanding with the policies of the party Central Committee, and continue to advance the various reform and construction undertakings.

In guiding the struggle to oppose bourgeois liberalism, special attention should be paid to preventing lopsidedness. Experiences in history tell us that to comprehensively implement the line defined since the 3d Plenary Session of the 11th CPC Central Committee, we must resolutely wage the struggle between the two lines to oppose "leftism" and "rightism" whenever they appear. At present, bourgeois liberalism has become a major erroneous deviation in political and ideological fields, and thus we must attach importance to opposing it. Continued efforts, however, should be made to eliminate those "leftist" things which hamper the development of reform, the open policy, and the modernization drive. We should also avoid such erroneous leftist methods such as using "leftist" ideas to oppose rightist ideas, delimiting a boundary on the basis of some persons, conducting examinations at each level, allowing everyone to pass the test without careful and individual screening, and encouraging accusations.

VI. While Opposing Bourgeois Liberalism, We Should Actually Grasp the Work in All Fields.

The struggle against bourgeois liberalism is covered by the overall layout of our country's socialist modernization drive, is the important content of the building of socialist spiritual civilization, and is an important step for implementing the resolution of the 6th Plenary Session of the 12th CPC Central Committee on the guiding principle for building socialist spiritual civilization. Therefore, the struggle should be waged in combination with work in other fields. A handful of persons who advocate bourgeois liberalism are prone to exaggerate the negative atmosphere inside our party and the shortcomings and mistakes in our work with an aim to hide the truth from the masses, sow dissension between the masses and the party and government, and attempt to popularize their political stand. With the success in all fields of our work, we will be able to vigorously fight back against their calumny and instigations and to unite the large number of the masses to work hard for the fulfillment of our common ideal. Therefore, in waging the struggle against bourgeois liberalism, party committees at all levels must give consideration to the overall situation, make overall arrangements, and actually grasp the work in all fields in order to build the province's two civilizations comprehensively and in a coordinated manner. As for the tasks for this year, the provincial authorities have made dispositions for them at some meetings. Here, I would like to stress the following ones:

First, we should vigorously strengthen ideological and political work and further improve party leadership. Party leadership primarily means leadership in political, ideological, and organizational fields. To improve the party leadership, the most important thing is to strengthen ideological and political work. Although this issue has been stressed for many years, it has not yet been solved. The spreading of bourgeois liberalism is a negative example through which we understand that ideological and political work must be further strengthened, rather than being weakened, under the new situation of carrying out reform, opening to the outside world, and invigorating domestic economy. If party committees take on all daily administrative affairs and refuse to grasp ideological and political work, party leadership will certainly be weakened. Therefore, party committees at all levels must list ideological and political work as an important item on their daily agenda, conduct special studies on several occasions each year, and adopt feasible measures for the work in an effort to effect a big improvement in it.

1. We should carry on and carry forward the fine tradition of our party in ideological and political work, and actively explore the new laws, characteristics, and methods in ideological and political work in the new period. During the protracted revolution and construction period, our party has accumulated much experience for ideological and political work. For instance, it has constantly and frequently imbued the masses with Marxism; conducted ideological work in combination with the work in economic and other fields; conducted criticism and self-criticism in line with the principles of seeking truth from facts and following the mass line, thus not only clarifying ideology but also uniting comrades; given play to the role of party branches as a powerful fighting force and to the exemplary and vanguard role of party members; and made comparisons and guided the people with exemplary cases. All of these experiences should be upheld and carried forward under the new situation. Based on these experiences, we should constantly draw new experiences, and conduct reform and renovation for ideological and political work in order to make the work more rich, lively, and feasible in content, more flexible in methods and means, more perfect in system, and more remarkable in practical benefit. In addition, we should strengthen the conviction, influence, and fighting force of spiritual education.

2. We should strengthen the organizational leadership over study, propaganda, and research on the basic theory of Marxism. Advocates of bourgeois liberalism usually start with confusing the people's ideas and theories to spread their political views. [paragraph continues]

Therefore, only by fundamentally raising the Marxist levels of the people inside and outside the party, cadres at various levels in particular, can we effectively distinguish right from wrong in theory and avoid going astray in politics. Party committees at all levels and relevant departments and units, such as propaganda departments, party schools, lecturers' groups, and social science institutions, should strive to improve and strengthen the study, propaganda, and research of Marxism. At present they should focus on the propaganda and theoretical research of the two basic points of the line adopted since the 3d Plenary Session of the 11th CPC Central Committee, and grasp them well. Philosophy should be included in the theoretical study of incumbent cadres this year.

3. We should encourage the grass-roots to build spiritual civilization through various forms of activities to build, individually or cooperatively, civilized villages, units, and towns. During the activities we should give prominence to education on professional ethics, formulate professional ethical standards, correct unhealthy trends of various trades, and provide quality service. Education on lofty ideals, discipline, revolutionary traditions, and patriotism should be continued successfully. We should pay attention to weak links and urge enterprises run by townships, villages, and households, either individually or cooperatively, to join the activities to build civilized units.

4. We should regard ideological and political work as a project of the social system, which not only party committees, and propaganda, organization and education departments, but also economic, political and legal, united front work, and mass organizations should pay attention to. Party committees should mobilize and organize the forces from all quarters to carry it out with concerted efforts, and permeate all fields of society with ideological and political work.

5. We should safeguard the authority of political work departments and strengthen the contingents of political workers. Political work departments at various levels throughout the province have scored achievements, and their contingents have been competent. However, some of these departments lack authority, the quality of their contingents fail to meet the needs of the new situation, and their functions have yet to be fully performed. In order to solve these problems, on the one hand, party organizations at all levels should earnestly pay attention to the performance of the functions of political work departments and workers, and correct the erroneous tendency of despising and even negating political work. They should properly solve the problem that the political work units of many localities and departments remain weak, and try their best to help political work personnel solve their practical difficulties in work study and life, and support their work from various fields. On the other hand, political work departments and cadres should strive to improve themselves, raise their political levels and professional competence, and win the trust of the masses with their outstanding work and exemplary role.

Second, we should continue improving party style and increasing the party's combat capability. The purpose of people who advocate bourgeois liberalism is doing their utmost to丑化 and slander our party is to cast off and oppose the party leadership over socialism. Therefore, we should resolutely criticize and refute them. We should also note, however, that some negative phenomena indeed still exist within our party. For example, a small number of party-member cadres engage in individualism, bureaucracy, and liberalism by abusing power for selfish interests, and even violate law and discipline; and such unhealthy trends as giving parties and gifts with public funds, extravagant wining and dining, waste, and fraud, which were once checked, have begun to emerge once again in some localities and units. These problems seriously damage the image and prestige of the party and endanger relations between the party and the masses, and between cadres and the masses. [paragraph continues]

Therefore, we should never cover up or even negate our problems in party style just for the purpose of fighting back the attacks of a small number of people; still less should we suppress or deal blows to the masses for their criticism against unhealthy phenomena within our party on the excuse of opposing bourgeois liberalism. While opposing bourgeois liberalism, we should further create a situation in which the entire party grasps party style, start with solving problems over which the people have strong complaints, and strive to build a good party style. Party committees at all levels and party-member leading cadres should uphold democratic centralism, do a good job in holding organizational activities, actively conduct criticism and self-criticism, and continue to improve ideological work styles. We should exert efforts to encourage the free airing of views, earnestly listen to opinions from cadres and the masses, help them eliminate misgivings and solve difficulties, and guard against the practice of ignoring the demands and hardships of the masses and adopting a bureaucratic attitude of standing high above the masses. We should continue to grasp education on the party spirit, party discipline, and the party's purpose among the broad masses of party members, particularly education in strictly observing the party Constitution, and make them consciously support the party's program, observe party regulations, fulfill the party's obligations, implement party decisions, strictly observe party discipline, and fully display their vanguard and exemplary role in various fields of work.

Third, we should further develop socialist democracy and improve the socialist legal system. In our social life, we should continue to promote democracy and the building of socialist democratic politics. We should make continued efforts to conduct intensive legal education with the Constitution as its main content among the broad masses of people, and enhance their ideology of being a citizen and the sense of the legal system so that they will correctly exercise their own democratic rights and consciously conduct activities within the limits prescribed by the law. The people's democratic dictatorship is a powerful weapon for protecting the people and the four modernizations. The means of dictatorship should be stressed but also be applied when necessary. We should strictly punish in line with the law those counterrevolutionaries who have the motives of overthrowing our state political power and the socialist system and harming state security, and those hostile elements who oppose and adopt a hostile attitude towards the party and disrupt the socialist system. We should make continued efforts to deal strict blows to serious criminal economic activities, comprehensively improve social order, further improve social habits, safeguard a stable and united political situation, and ensure the smooth advance of the comprehensive reform and the building of the two civilizations.

Fourth, continuous efforts should be made to persistently regard economic construction as the focus and to do a good job in emphatically deepening the drive to conduct reforms, to increase production, to practice economy, to increase incomes, and to curtail spending. The general demand for the 1987 economic work is to implement the spirit of the conference sponsored by the State Council and participated in by the governors throughout the country; to compress the overheated "atmosphere;" to bring under control the scale of investment in fixed assets; to resolutely curtail the overexpanded investment in capital construction projects outside the budget and the over-the-limit spending on nonproduction projects; to ensure the construction of the key projects of the country and province; and on the premise of increasing economic results in an overall way, to maintain adequate speed in output increases so as to enable the national economy to achieve long and stable development. To this end, a good job should be done in grasping the following three tasks:

1. A good job should be done in dealing with the relationship between production and construction and further overcoming the phenomenon in which attention has been paid to capital construction but not to production; to outside technological introduction, but not to technical renovations and potential revival; and to new construction projects, but not to renovation projects. [paragraph continues]

Efforts should be made to resolutely compress the capital construction projects that deserve to be compressed and to resolutely follow the road of expanding production by chiefly relying on technical renovations and revival potentials.

2. Efforts should be made to carry forward the spirit of waging arduous struggle and building up the country and doing everything through thrift and hard work in the fields of production, construction, and commodity circulation throughout the province and among various industries and trades as well as various units; and to extensively and deeply launch the movement of increasing production and practicing economy and of increasing incomes and curtailing spending.

3. Continuous efforts should be made to deepen the drive to conduct reforms. We should earnestly implement the policy and measures issued by the central authorities and the province with regard to enlivening the enterprises, vigorously probe managerial measures suitable to the enterprises with different characteristics, and improve the coordinated activities of the transformation drive inside the enterprises so as to further enliven the enterprises, particularly the large and middle-sized ones. The rural areas should realistically implement the relevant directives issued by the central authorities, emphatically reinforce the agricultural reserve forces through the drive to conduct reforms, and on the basis of ensuring the fulfillment of provinces' plans for grain output increases, should enable their commodity production to achieve an overall, sustained, and stable increase.

Comrades: We are deeply convinced that by deeply conducting education on the four cardinal principles and launching the struggle against bourgeois liberalism, the party's line, principles, and policies set forth during the period since the 3d Plenary Session of the 11th CPC Central Committee will certainly be implemented in a more correct and comprehensive way, and that our province will certainly score still greater achievements in various undertakings year after year.

SHANXI CALLS FOR REDUCED CAPITAL INVESTMENT

HK060355 Taiyuan Shanxi Provincial Service in Mandarin 2300 GMT 4 Mar 87

[Text] According to data provided recently by statistical departments in our province, in 1986, Shanxi acted in accordance with the state's spirit of controlling the scale of investments in fixed assets, contracted the capital construction front, controlled the general scale of investment, and provided conditions for ensuring the state's key projects and other construction projects.

In September last year, our province established the leading group for checking up on projects under construction and organized three inspection teams for inspecting projects under construction. The teams comprehensively checked up on the province's 786 construction projects, found 47 projects that were not assigned by plans, decided to halt 59 projects, suspended 19 projects, reduced the scale of 1 project; and (waived) 2 unsettled projects, thus reducing investments by over 200 million yuan.

The capital construction investments completed by Shanxi's units under ownership by the whole people in 1986 were far from reaching the growth rate of capital construction investments in 1986 and also lagged behind the industrial production growth rate in 1986. Of them, completed local capital construction investments dropped 10 percent as compared with 1985.

After controlling the scale of investments, there is now a better guarantee for fulfilling the state's key construction projects and other productive projects. The productive construction investments completed by our province in 1986 increased by 9.2 percent as compared with 1985. The proportion of the completed productive construction investments to all of the capital construction investments in our province in 1986 increased by 3 percent as compared with 1985. Our province's investments in coal and power industries and in transport, postal, and telecommunications services in 1986 also showed increases ranging from 3 to 24 percent as compared with 1985. The growth rates of investments in coal and power industries and in transport, postal, and telecommunications services in 1986 were higher than the growth rates of all other capital construction investment. Of the province's 34 large and medium-sized projects, 24 projects including the projects for (Gujiac) and (Pingsuo) mining areas comprehensively fulfilled their 1986 investment plans. All new projects fulfilled over 94 percent of their 1986 investment plans.

According to data provided by the provincial statistical bureau, although Shanxi has basically controlled the investments in fixed assets, we must not lose sight of the fact that our province's investment scale still tends to be too large. Therefore, this year we must continue to compress the inflated investment atmosphere so as to ensure fulfillment of much-needed key construction projects.

NINGXIA ECONOMIC MEETING SETS YEAR'S TARGETS

HE070123 Yinchuan Ningxia Regional Service in Mandarin 2300 GMT 6 Mar 87

[Excerpts] The recent regional economic work conference proposed that this year Ningxia should launch an extensive drive to increase production and practice economy and increase revenue and economize expenditure, centered on learning from the advanced, finding out the discrepancies, achieving upgrading, and striving for good economic results to promote all-round improvement of economic results.

The meeting decided on the main targets of this drive this year: industrial output value should rise by 10 percent over last year; total retail sales should rise by 15.1 percent; profits in enterprises running at a profit should rise by more than 10 percent; losses in enterprises running at loss should be kept within the targets set and should drop by 40 percent. [passage omitted] The region should strive for a 10.3 percent increase in foreign exchange earnings from exports.

The meeting pointed out that it is essential to focus on four tasks this year: 1) organize and coordinate production and circulation well, and vigorously increase output of products with a ready market; 2) work hard to increase profits and reduce deficits and to increase revenue and economize expenditure; 3) grasp management, strive for upgrading, and bring about an all-round improvement in enterprise quality; 4) vigorously [words indistinct] and boost the reserve strength for enterprise development.

SHAANXI REPORTS INDUSTRIAL SUCCESSES, PROBLEMS

HE060329 Xian Shaanxi Provincial Service in Mandarin 0030 GMT 6 Mar 87

[Excerpts] Shaanxi's industrial output value in February was 1.312 billion yuan, 23.8 percent more than in February last year, and a record for the month. Total output value in January and February was 2.725 billion yuan, a rise of 10 percent over the same period last year. The province has thus fulfilled 14 percent of the year's plan. [passage omitted]

The departments concerned hold that, if examined in the light of the required rate of progress, the province's industrial output and rate of progress in January and February were still not good enough. To reach the goal of fulfilling 24 percent of the year's plan in the first quarter, it will be necessary to fulfill more than 10 percent of the year's plan during the month of March. If production cannot reach the mark in the first quarter, this will increase the difficulties in industry over the whole year.

The provincial government leadership recently demanded that the provincial industrial departments and bureaus and the prefectures and cities seriously analyze and study the present situation in production, find out the main problems, and put forward ways of solving them. The province should strive to work still better in March, achieve balanced production, and reach the goal of fulfilling 24 percent of the year's industrial output value plan by the end of the first quarter.

EMERGENCY DECREE TO BE LIFTED 'VERY SOON'

GW130333 Taipei CNA in English 0313 GMT 13 Mar 87

[Text] Taipei, March 13 (CNA) — Interior Minister Wu Po-hsiung quoted Premier Yu Kuo-hua as stressing that the emergency decree will be lifted "very soon."

Wu was responding to an interpellation by Legislator Chao Shao-kang at a joint meeting of the Legislative Yuan's Interior, Defense, and Judiciary Committees.

Though not specifying a date for the lifting of the decree, he stressed that the government will cancel it soon after the proposed National Security Law is passed by the legislature.

While replying to Legislator Lin Lien-hui's interpellation, Wu said that the draft National Security Law will be revised while maintaining the spirit of the draft.

Lin proposed that the second article of the draft, which states that an association or assembly shall not violate the Constitution or national anticomunism policy, should be further elaborated. Meanwhile, Legislator Chao, saying the article's wording is not precise enough and will be easily disputed, if enacted, asked that it be made clear that any assertion of independence or communism shall be banned.

During the discussion, several legislators also expressed concern about possible flexibility in implementing the law, something which, Chao said, has sometimes caused complaints from the general public.

To show the government's sincerity in enforcing the law, Minister Wu said that he will instruct the basic law enforcement officials of the nation not to ignore their duty while enforcing the law.

PAPER COMMENTS ON SHULTZ' MAINLAND VISIT

GW121431 Taipei CHUNG KUO SHIN PAO in Chinese 7 Mar 87 p 2

[Commentary by Fu Jianzhong, special correspondent in Washington: "Shultz' Visit to the Mainland -- With a Comment on His Last Ogling Act in Shanghai"]

[Text] On the early morning of 6 March, U.S. Secretary of State Shultz left Shanghai for Washington via Seoul and Tokyo, after winding up his 5-day visit to the Chinese mainland. This is the longest trip Shultz has made to a foreign country since he assumed the position of secretary of state. Judging from this, his mainland visit should have been one of great importance; however, his actual gain was out of proportion to the time he spent. According to various reports, and the remarks made by Shultz himself, the greatest comfort he gained from this trip was that Chinese Communist leaders, including Teng Hsiao-ping, Chao Teu-yang, and Li Peng, assured him that the policy of opening to the outside world and carrying out domestic reforms currently pursued on the mainland would remain unchanged. Shultz visited the mainland as a guest of Wu Hsueh-chien, "foreign minister" of the Chinese Communist regime. As early as last September, when Wu was in New York attending an UNGA session, he extended Shultz the invitation. At that time, the United States did not foresee the student unrest on the Chinese mainland, the downfall of Hu Tao-pang, and the subsequent movement to "oppose bourgeois liberalization." [paragraph continues]

In fact, however, these major events which led to instability of the Chinese Communist regime, occurred one after another at the end of last year and the beginning of this year. Washington was so concerned about this that it became the major mission of Shultz' visit to the mainland to look into the stability of the Peiping regime and the direction of its future course. Despite the pledges made by the Chinese Communist leaders and Shultz' remark that there is no reason to suspect the mainland will close its already opened door, nobody can predict the situation after Ten Hsiao-ping dies. Shultz knows this very well, although he made no mention of it at all.

The Chinese Communists Once Again Raise the Taiwan Question [subhead]

From the above, it seems that the greatest advantage Shultz gained from his trip was that he could be away from politically tumultuous Washington and snatch a little time from his busy life to visit places of scenic beauty and historical interest in China, such as scenic spots in Kueilin; Mount Tai, one of the Five Sacred Mountains; and Chu Fu, Confucius' native place. However, if we look at Shultz' mainland visit from Taipei's viewpoint, his trip was not such a pleasant one. Prior to his trip, U.S. Department of State officials expected that the Chinese Communist leaders would raise the so-called Taiwan question in their talks with Shultz. As expected, Li Hsien-nien, "president" of the Chinese Communist regime, at his meeting with Shultz on 2 March, expressed the hope that the United States would help solve the Taiwan issue thoroughly. In the past the United States and the Chinese Communists each had their own say on this question. This time Shultz appeared to be "following the good advice," although he showed no change in the basic U.S. policy.

Shultz' speech on Taiwan was made at a farewell banquet held in Shanghai on the eve of his departure (5 March). His speech was not an impromptu one, but one that had been prepared earlier. Noteworthy was that immediately after Shultz made the speech, the Department of State provided the full written text to reporters -- with unusual promptness. Usually, the full text of a speech is available 2 to 3 days after it is delivered. The 3 March press conference Shultz held in Peiping is an example. It was not until 5 March that the full text of his speech was released by the Department of State. In the case of Shultz's speech on Taiwan made on the evening of 5 March in Shanghai, however, the text was released in Washington at almost the same time it was delivered. The importance attached to it by the Department of State, and its expeditious treatment of it as a most urgent document, are obvious. Now, let us see what Shultz said in his speech.

No Change in U.S. Stand Reiterated [subhead]

"The Shanghai Communique provided a framework for dealing with unresolved problems. We have done much in this regard over the past 15 years, and we are pleased that this process is continuing. In the Shanghai Communique, as in the two other joint communique on which our relationship is based, the United States made it clear that our policy is based on the principle that there is only one China. We have no intention of pursuing a policy of 'two Chinas' or of 'one China, one Taiwan'."

"In the Shanghai Communique, the United States reaffirmed its interest in a peaceful settlement of the Taiwan question by the Chinese themselves. We understand and appreciate that striving for a peaceful resolution of the Taiwan question is also a fundamental policy of the Chinese Government."

"These principles of one China and a peaceful resolution of the Taiwan question remain at the core of our China policy. Whereas our policy has been constant, the situation itself has not and cannot remain stationary. [paragraph continues]

We support a continuing, evolutionary process toward a peaceful resolution of the Taiwan question. The pace, however, will be determined by the Chinese on both sides of the Taiwan Strait, free of outside pressure."

"For our part, we have welcomed developments, including indirect trade and increasing human interchange, which have contributed to a relaxation of tension in the Taiwan Strait. Our steadfast policy is to foster an environment in which such developments can continue to take place." (Chinese translation based on the English text provided by the U.S. Department of State)

Two Paragraphs Worthy of Attention Because of Their Implications [subhead]

Of the four paragraphs quoted above, no doubt the third and fourth are worthy of our attention. While declaring that U.S. policy has been constant, Shultz also noted that the situation itself is not constant and cannot remain stationary. Therefore, [the United States] cannot but support "a continuing, evolutionary process toward a peaceful resolution of the Taiwan question." This statement obviously is at variance with and even quite different from the previous U.S. position that it would not act as a mediator and would stay completely out of the issue. Moreover, to suggest fostering an environment in which indirect trade and human interchange between the two sides of the Taiwan Strait can continue makes it even more clear that Washington, itching for action after a long interval, is entertaining the idea of doing something about settling the Taiwan issue. Except for 1981, when former Secretary of State Hague said that Yeh Chien-ying's "nine-point proposal for peaceful reunification" was not entirely meaningless, this marks the first time a U.S. secretary of state has made such a "positive" statement on the Taiwan and mainland reunification issue, a statement that comes close to what the Chinese Communists have been wishing for.

With Shultz' statement in mind, this reporter has asked the State Department whether the statement implies that the constant U.S. policy will change or that a change is in the wind. One official said: "No new ground has been broken" (that is, there was nothing new in it). A spokesman also matter of factly declared: The U.S. position of not acting as a go-between has not changed. Neither will the United States echo any reunification proposal made by either side, Taiwan or the mainland.

It has been learned that Fredrick Chien, our representative in the United States, is very concerned about Shultz' "last ogling act" in Shanghai. He plans to request a clarification from senior State Department officials as soon as Shultz and his party return to Washington. Rumors in Washington have it that representative Chien learned prior to Shultz' mainland trip that the U.S. side intended to curry favor with the Chinese Communists and that it planned to issue the aforementioned statement to see if it could not make the Chinese Communists come around to its view and stop leaning further toward the Soviet Union. East European diplomats stationed in Peiping have spread the report that Chao Tzu-yang may visit Moscow when he tours five East European countries in June this year and that CPSU General Secretary Gorbachev has sent Chao such an invitation. Washington is considerably disturbed by this development, and is therefore trying to use the "Taiwan card" to hold Peiping down. Representative Chien has already sent a report back home on the situation. However, there is no way to verify the report on the purported visit.

In the opinion of some observers in Washington, Secretary of State Shultz' statement shows that the United States has got a handle on Taipei. In recent years, there has been an enormous volume of indirect trade between the two sides of the Taiwan Strait. [paragraph continues]

Tours and family visits to the mainland, via other regions, by people on Taiwan have been so frequent that they are becoming open secrets. Furthermore, sports groups from Taiwan have openly engaged their counterparts from Communist China in international competitions. This is why the United States has been talking so assuredly and so loudly, making it appear as if it intends to help promote the development of such quasi-interchanges. This is exactly what the Chinese Communists have been wishing for. But Washington's tactic to turn a trick has driven Taipei into a dilemma where it finds itself unable to speak in its own defense.

Washington's Policy and Viewpoints Reflected [subhead]

Shultz' Shanghai statement did not come all of the sudden. It is the result of an evolutionary process. (Pan-li-teh) [3803 4539 1795], a State Department official formerly in charge of Taiwan affairs (presently Consul general in Kwangchow), said in a speech he was asked to give at a seminar sponsored by St John's University in New York more than a year ago: "The increasing contacts between Taiwan and Communist China are conducive to creating a common interest on both sides to develop relations between them.... The gradually increasing contacts between their scholars, scientists, and technicians in U.S. universities and at international conferences and the development of trade on a greater scale...will provide the foundation for still more contacts and perhaps, eventually, a sort of dialogue." (Pan-li-teh) made it clear that his speech reflected his personal views, which nevertheless had the prior approval of the State Department. When we compare Shultz' statement with the speech made by (Pan-li-teh), we can see that there was a reason for Shultz' "Shanghai night talk." It was a complete reflection of the viewpoints of the State Department's professional experts on China policy.

The 8 hours of talks Shultz had with the Chinese Communist leaders in Peiping also touched on U.S. arms sales to Taiwan, Chinese Communist arms sales to Iran, the U.S.-Soviet arms limitation talks in Geneva, relations between the Chinese and Russian Communists, and bilateral relations, including further relaxation of U.S. controls on its scientific and technological exports to Communist China. But, as far as the impact on the interests of the Republic of China is concerned, we would rather attach more importance to the aftereffect of the "Shanghai Communique" which is still being felt 15 years after its signing. Perhaps one day Shultz' "unnecessary statement" may also create a "misunderstanding in history."

RADIO COMMENTS ON DEBATE ON SECURITY LAW

OW121/035 Taipei International Service in English 0200 GMT 12 Mar 87

[Station commentary: "The National Security Debate"]

[Text] This week, there isn't any doubt about what the hottest subject in town is. Large crowds of spectators and the rest are filling a committee room over at the Legislative Yuan, or congress, of the Republic of China on Taiwan, to hear the debate on the formation of a new national security law. The law is expected to replace parts of the emergency decree, or martial law as it became known in the West, which is being lifted after 37 years in effect.

The debate gives newly elected opposition party members an opportunity to air their views on a subject that was taboo only 5 years ago. The debate itself does not, of course, center on the need for national security. No legislator doubts the need for that. The issue at hand is to what degree [the] national security law or measures should infringe upon or restrict civil rights.

For their part, opposition politicians argue that a national security law is not needed. They say that the nation's security is adequately covered by existing laws and organs. To pass a new law to replace the old emergency decree may turn out to be like putting new wine in an old bottle, they said. But the majority party, at least most of its members, disagree. For starters, they argue that a special national security law is necessary, given Taiwan's precarious existence vis-a-vis Communist China. They say that the Republic of China on Taiwan does not enjoy the luxury of guaranteed security, and thus it must take extraordinary steps to ensure a modicum of security under the circumstances.

This is a point not well understood abroad. It is difficult for outsiders to appreciate the security concerns of the people on Taiwan. But an easy test is to look at the map. Taiwan is an island that sits right on the doorstep of Communist China, which has never renounced the use of force to make Taiwan a part of the Communist domain. Clearly, special security measures are needed to offset the lopsided threat.

A second argument heard from the majority party legislators comes in answer to the new-wine-in-old-bottle charge by the opposition. They say the new law, as it is clearly written up, does not look anything like the old emergency decree. It covers only those matters directly dealing with security, such as entry and exit, border controls, anticomunist activities, and antisecessionist activities. None of these areas have much to do with general civil rights or the daily life of the public.

What the debate really amounts to is an effort by the opposition party to play a watchdog role in the legislature to ensure that the new national security law will be as liberal as it possibly can. It does so happen that many majority party legislators also want the same outcome.

In a month or so the new law will pass, and the days of martial law on Taiwan will be officially over. We say officially because, in reality, the martial law has been lifted on a de facto basis since the middle of last year. The opposition party knows this better than anyone. Their existence is banned under real martial law. The fact that they are hardly debating the issue as a party in Congress is proof itself that the new law, and the era of freedom of speech that it heralds, is not at all new wine in an old bottle.

CONTROL YUAN PRESIDENT, VICE PRESIDENT ELECTED

Taipei CNA in English 0306 GMT 13 Mar 87

[Text] Taipei, March 13 (CNA) -- Huang Tsun-Chiu and Ma Kung-chun, the two candidates nominated by the ruling Kuomintang, were elected president and vice president of the Control Yuan Thursday morning with Huang receiving 60 of the 65 votes cast and Ma garnering 54 votes.

Huang, 64, is a native of Nantou County, Taiwan. He will be the first locally-born and educated official to head the nation's highest watchdog body. A graduate of the central Police Academy, Huang was a District Court Judge, a High Court judge and presiding judge before he was first elected to the Control Yuan in 1973. He was elected vice president of the Yuan in 1981.

Ma, 74, of Kweichow Province, is a graduate of National Kweichow University. He served as professor at National KweiYang Medical College and editor-in-chief and editorial writer for several newspapers before he was elected to his present post.

He is also a member of the KMT Central Advisory Committee and secretary general of the KMT Caucus in the Control Yuan.

Muang and Ma will be sworn in at a ceremony on March 16.

Premier Yu Kuo-hua, who visited the Control Yuan after the election, thanked outgoing Control Yuan President Yu Chun-Hsian for his contributions to the improvement of governmental efficiency over the past years.

RESTRICTIONS TO BE LIFTED ON 400 MORE IMPORTS

HK121231 Hong Kong AFP in English 1118 GMT 12 Mar 87

[Text] Taipei, March 12 (AFP) -- Taiwan announced Thursday it would remove non-tariff barriers on another 400 import items, including medical and educational material, in a bid to further liberalise imports.

The move pushed to almost 1,000 the total number of items included in an overall review of import policy since late February. The Council for Economic Planning and Development previously announced the lifting of non-tariff barriers on 175 farm products and machines and some 400 industrial goods. The measures aim to shrink the country's record 51 billion U.S. dollars in foreign exchange reserves and to open the local market to U.S. goods to ease protectionist threats from the United States, Taiwan's largest market.

The latest list included hospital equipment, certain herbal medicines, 40 kinds of publication and scout uniforms, a council official said. Imports of these items would no longer need approval by health authorities, government cultural agencies and the National Defense Ministry, he added.

The official said the measures were taken after talks with 49 government offices which impose restrictions for reasons of national security, social morale, protectionism, health, and friendship with other nations.

The restrictions applied to imports from certain countries or by certain importers and included requirements for special papers or special approval. Among some 26,000 import categories, 479 are now banned and controlled by authorities and 4,100 items are subject to restrictions.

Authorities have steadily lowered customs duties to encourage imports in a bid to ease U.S. protectionist sentiment, narrow the country's trade surplus which amounted to 13.6 billion dollars last year, and help shrink the record reserves which pose inflationary threats. Import duties on some 1,800 items were reduced in January, cutting the average tariff rate from 67.5 percent to 57.5 percent.

TAIWAN, FRENCH TRADE GROUPS SIGN EXCHANGE PACT

OW130425 Taipei CNA in English 0331 GMT 13 Mar 87

[Text] Taipei, March 13 (CNA) -- The China External Trade Development Council (CETDC) and the Chamber of Commerce and Industry of Lyon, France, signed an agreement Thursday to exchange trade and market information.

The agreement was signed here by Chang Kwang-shih, chairman of CETDC, P.K. Chiang, secretary-general of the CETDC, and leaders of a delegation from Lyon -- Mayor Francisque Collomb and Etienne Carrot, president of the Chamber of Commerce and Industry of Lyon.

According to the pact, both sides agree to:

- Exchange trade and market information and help each other organize and take part in trade fairs on one's own territory;
- Exchange trade visits;
- Hold coordinating meetings to upgrade bilateral economic and trade relations.

The Lyon delegation is the highest-level trade group from France to have visited Taipei in years, CETDC pointed out, adding that the agreement concluded during the visit will be very helpful in promoting substantial relations between the Republic of China and France.

SCIENCE, TECHNOLOGY COOPERATION SOUGHT WITH JAPAN

OW130337 Taipei CNA in English 0318 GMT 13 Mar 87

[Text] Taipei, March 13 (CNA) -- Vice President Li Teng-hui Thursday urged the Republic of China [ROC] and Japan to strengthen cooperation in scientific and technological development so as to further upgrade the quality of life of their peoples.

Li made the call while addressing the fifth joint meeting of the ROC's Asian Pacific Sci-Tech Association and Japan's East Asian Sci-Tech Association, being held in the National Central Library in downtown Taipei.

Li pointed out that after achieving rapid economic and industrial development in the past few years, the nation now faces serious pollution problems. He said the ROC has much to learn from Japan in the development of pollution control technology.

The vice president noted that both the ROC and Japan are short of energy resources. They should continue to develop new energy-saving technologies and to search for new energy sources to further improve their industrial productivity, he said.

Li said that the agricultural and food research technology of Japan has already reached world standards. He said the ROC should learn from the Japanese experience to accelerate the upgrading of its agriculture.

The two associations have held their joint meetings once a year since their establishment in 1982. Their purpose is to introduce new scientific technologies and to promote sci-tech exchange between the two nations. The current meeting will conclude Friday afternoon.

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HONG KONG

JOURNALISTS TO PETITION QUEEN ON NEW ORDINANCE

HK130703 Hong Kong HONGKONG STANDARD in English 13 Mar 87 p 2

[Excerpt] The Hong Kong Journalists Association [HKJA] will petition the Queen in a bid to stop the newly amended Public Order Ordinance from coming into effect.

This decision was made at HKJA Executive Committee meeting last night following the passage of the controversial Amendment Bill in the Legislative Council on Wednesday.

In a statement released after the meeting, the HKJA said they will send a letter to Secretary for Foreign and Commonwealth Affairs, Sir Geoffrey Howe, asking him to pass on the request to the Queen.

They are planning to send representatives to London to brief British Members of Parliament on the issue. [passage omitted]

MEDIA REACTS TO PASSAGE OF PUBLIC ORDER BILL

HK120958 Hong Kong AFP in English 0823 GMT 12 Mar 87

[By Claudia Mo]

[Text] Hong Kong, March 12 (AFP) — Hong Kong media representatives Thursday were considering going to London to fight a new press law here that could send convicted journalists to jail for publishing "false news."

Emily Lau, spokesman for media groups opposed to the law, said some media officials were pondering whether to appeal directly to Queen Elizabeth to abolish the Public Order (Amendment) Bill.

"We will try to seek help from our international counterparts," added Wong Kwok-wah, chairman of the Hong Kong Journalists Association, which teamed up with the Newspaper Society, the News Executives Association and Foreign Correspondents' Club to voice their opposition.

The bill was passed Wednesday after a marathon debate in the Legislative Council [Legco], the semi-elected lawmaking body in the British-run territory.

Hong Kong's two English newspapers, the SOUTH CHINA MORNING POST and HONGKONG STANDARD, welcomed it Friday with front-page photos of demonstrators wearing gag masks marked "X" over their mouths.

Only nine of the legislature's 56 members opposed the bill in its final reading, despite growing demands that it be given more study. Legco has 24 elected members, 22 government-appointed members and 10 government officials.

Under the law, anyone convicted of publishing or broadcasting "false news which is likely to or has caused public alarm or public disorder" is liable to a fine of up to 100,000 Hong Kong dollars (12,800 U.S. dollars) and two years in jail.

The terms "false news" and "public alarm" are not defined.

The Hong Kong Government has said the bill is aimed at curing "irresponsible reporting."

Defendants could avert conviction if they can prove they had "reasonable grounds" to believe that the information was true at the time of publication.

But critics -- including lawyers, academics, political activists and religious representatives -- say that implies that defendants shall be presumed guilty unless they can prove themselves to be innocent to the courts.

This contradicts a bedrock principle of British common law, under which an accused is presumed innocent until proven guilty, the critics said.

Martin Lee, a legislative councillor who strongly opposed the bill, said its passage in the face of growing criticism illustrated how public opinion in Hong Kong has not been properly represented in the law-making body.

Another opponent, legislator Szeto Wah, described the law as "a knife pressed against the public throat."

Observers said the local media in general have remained unconvinced by an assurance from Chief Secretary David Ford -- who ranks second only to the governor -- that the law would only be used as "a measure of last resort."

The HONG KONG ECONOMIC JOURNAL, a Chinese-language newspaper popular with local academics and executives, Thursday adopted a pessimistic line by advising its counterparts to seek "peaceful coexistence" with the law.

But an emotional editorial in another influential newspaper, MING PAO, vowed it would make "no compromises."

"Whatever the price, we shall go on publishing whatever we think the public should know," MING PAO said.

The issue also fuelled fears here that civic freedoms would be stifled in Hong Kong after 1997, when the territory reverts to Chinese rule with a promise from Beijing that it can retain its capitalist system for 50 years.

But observers noted that one local daily, TA KUNG PAO, which usually reflects official thinking in Beijing, had also objected to the bill.

TA KUNG PAO Opposition

HK121512 Hong Kong TA KUNG PAO in Chinese 11 Mar 87 p 4

[*"Short commentary": "Amendment of Regulations by the Hong Kong Government Causes Concern in the Press Circles"*]

[Text] The Legislative Council is going to hold a debate before abolishing the existing "legislation dealing with the control of publication" which is incompatible with present needs. This should have been a positive step toward the promotion of freedom of the press. [paragraph continues]

However, while agreeing to lift harsh restrictions on the press, the authorities intend to retain the provision on control over the release of false news and put it into the Public Order Ordinances. In the past few days, the "Public Order (Amendment) Bill" has been strongly criticized by local press organizations and other circles in Hong Kong.

An act that was originally designed to promote freedom of the press has unexpectedly aroused serious misgivings among the press circles. This fact in itself should have pushed the authorities to revise its plan. If this amendment bill constituted a threat against the press in its normal operation, it would definitely be contrary to the social interests of Hong Kong. Freedom of the press is an important and indispensable, integral part of Hong Kong's correct social and economic system and lifestyle. Any infringement upon freedom of the press would have a general pernicious influence.

It is out of consideration for the preservation of public order that the authorities intend to retain the provision governing the release of false news, while it is out of consideration for safeguarding freedom of the press that press circles voice their opinions against this provision. There is no uncompromising contradiction between public order and freedom of the press. Under the present circumstances, the authorities could no longer unscrupulously trample on the freedom of the press, and the press circles on their part would never shamelessly maintain the right of releasing false news. The first worry that the press circles have been voicing these days is their doubt about the legislative and judicial authorities' understanding of the special nature of journalism. Journalism needs to stress its time value and thus calls for prompt coverage. The nature of journalism sometimes demands that the sources of news be concealed. Journalism also relies on its continuity, so a follow-up report may serve as a supplement or amendment to a previous one. Therefore, the criteria to judge the accuracy and reliability of a news item are not necessarily entirely the same as those for judging the validity of evidence presented in the course of an ordinary court trial. For this reason, the criteria for judging whether an act of releasing false news constitutes a crime must be set squarely in light of the nature of journalism and the professional opinion of the press circles. Now it is the matter of drawing this border line between guilt and innocence that badly calls for the authorities' efforts to dispel the press circles' misgivings.

The regulations dealing with the control of releasing of false news have been in force in Hong Kong for more than 30 years. Thanks to the changes in local political conditions and efforts by the press circles, we can now enjoy a relatively free environment for journalism. The revision of the Public Order Ordinances should not place any new trammels on the press. By the way, legislation in Hong Kong after 1997 will be based on the "Basic Law," and all the existing laws of Hong Kong and all laws to be formulated by the legislative body of the future special administrative region will have to conform with the spirit of the "Basic Law." At the moment, the Hong Kong press circles are taking part in the drafting of the "Basic Law" and, recently, a working group under the Basic Law Consultative Committee has suggested that "freedom of the press," as an important principle, be put down in the "Basic Law" to provide a fundamental guarantee for the future.

WEN WEI PO ON FOREIGN INVESTMENT QUESTIONS

HK111125 Hong Kong WEN WEI PO in Chinese 11 Mar 87 p 2

[Editorial: "Hong Kong's Prosperity Needs British Investment"]

[Text] Premier Zhao Ziyang recently met John Swire, chairman of the Swire Group, and talked about Hong Kong's need for international investment after 1977.

Zhao Ziyang said: The Chinese mainland needs to absorb foreign investment. How can Hong Kong reject foreign investment? Hong Kong needs investment by local Chinese as well as foreign investment, including British investment. Hong Kong's prosperity depends on capital rather than anything else. Hong Kong's prosperity depends on private enterprise rather than on Chinese state-run enterprises. We hope that investments by foreign and local Chinese businessmen will develop together. The greater this development, the more beneficial it will be to Hong Kong. This is the basis for ensuring that Hong Kong's system will remain unchanged for at least 50 years.

Zhao Ziyang's remarks have an important bearing on stimulating foreign investment, British investment in particular. Some people are worried that there will more and more Chinese state-run enterprises in Hong Kong and that this will affect and even exclude British capital and other foreign investment.

This view does not accord with China's stand on exercising the policy of "one country, two systems" in Hong Kong and on allowing "Hong Kong to remain unchanged for 50 years." If China were not willing to see the development of foreign investment, it would not have agreed to let Hong Kong's original social system remain unchanged. Too many Chinese state-run enterprises in Hong Kong will inevitably affect the capitalist nature of Hong Kong and the development of foreign investment. More foreign investment will make Hong Kong more prosperous, and the more prosperous Hong Kong is, the more beneficial it will be to China's four modernizations. Foreign businessmen proceed from the policy of "one country, two systems" in observing the trend of foreign investment in China. If foreign investment cannot stay in Hong Kong, it will be very difficult for the mainland to absorb foreign capital. For this reason, China will not pay attention only to its immediate interests to the neglect of its long-term ones.

From this analysis, people will understand the following point: Out of consideration for its politics and the interests of investors in Hong Kong, Beijing will firmly maintain Hong Kong's social system to ensure that more foreign investments will be made. It is impossible for this principle to change.

How has Hong Kong become prosperous? What are the successful experiences in Hong Kong's capitalist economy under British administration? These questions have always been under Beijing's consideration. We are convinced that the factors that have made Hong Kong a success will continue to display their role for 50 years.

Under British administration, Hong Kong enjoys quite a large of degree of local autonomy. Although London has the final say, it has never exercised political interference in Hong Kong's free economic operations, nor have British goods ever had too great a privilege. The Hong Kong Government never provides subsidies for the existence of an enterprise or undertaking. Due to historical reasons, British capital once obtained a leading position in Hong Kong. In the 1970's, however, local Chinese capital began to gain the upper hand. This fully suggests the law of free economic activities: Those who are farsighted and dare to make progress and investments will finally rise in competition. The government should not interfere.

In fact, British investment groups are also faced by the 1997 issue. They are now making efforts to catch up with others. An example is the Swire Group. Swire is the British investment group that has made the greatest investment in Hong Kong over the last 5 years. Its profit last year increased twofold over the previous year. Swire will make an investment of \$12 billion [currency not specified] in the coming 5 years. It is obvious that British investment groups have full confidence in China's policy toward Hong Kong.

British financial groups have a solid foundation in Hong Kong. They have a long tradition and experience in carrying out trade with China and have played an important role in enabling Hong Kong to absorb advanced Western technology and in promoting economic and trade cooperation as well as friendly relations between China and Britain. In the opinion of people in various fields, the positive attitude of British investment groups toward expanding their investments in Hong Kong will be beneficial to Hong Kong's prosperity, apart from allowing them to make profits in Hong Kong. This will add to the successful factors for exercising the policy of "one country, two systems."

COMMITTEE TO FIGHT NEW U.S. PROTECTIONISM BILL

HK110209 Hong Kong HONGKONG STANDARD (BUSINESS STANDARD SUPPLEMENT) in English 11 Mar 87 p 1

[Text] Hong Kong is stepping up its fight against protectionism in the United States with more than HK\$5 million earmarked for the cause in 1987-88.

A special co-ordinating committee, similar to SCAP (Standing Committee Against Protectionism) which helped organize the lobby effort against the notorious Jenkins Bill last year, will also be launched early next month.

The new committee, plus the resources financed by the HK\$5 million, will be put to the test by the protectionist Textile and Apparel Trade Act of 1987, the "son of Jenkins".

Director of Trade Hamish Macleod presented the general details to a Legco [Legislative Council] finance committee yesterday which was examining the financial secretary's draft estimates for 1987-88.

In answer to a question from Mr Cheung Yan-lung, Mr. Macleod said the Trade Department was giving top priority to the continued fight against protectionism.

He indicated about HK\$5 million would be drawn against the Trade Department's 1987-88 budget, estimated at HK\$74.4 million, to continue the fight in the United States.

A department source later said the "very rough" amount estimated compared with about HK\$5.4 million drawn from the department's estimated HK\$73 million expenditure for 1986-87.

But the sum also covered the protracted negotiations for a new five-year bilateral agreement which will not be repeated in the coming fiscal year.

Mr. Macleod, reiterating the experience with the Jenkins Bill last year, suggested Hong Kong's resources in Washington (five people), New York (six) and San Francisco (five) were "right".

Lobbyists in Washington are funded by the Trade Development Council while some industry groups and individuals have undertaken lobbying activities on their own time and resources.

He said many non-government people were involved as well as the day-to-day effort by Trade Department staff and advisers in the United States as well as in Hong Kong.

Mr Macleod also announced a high level steering committee would be formed to co-ordinate the efforts by government and non-government bodies. The committee will be formed after April 7 when Mr Macleod succeeds the retiring Trade Secretary, Mr Eric Ho.

JANUARY EXPORTS UP 33 PERCENT OVER 1986

HK130653 Kong Kong SOUTH CHINA MORNING POST (BUSINESS POST SUPPLEMENT) in English 13 Mar 87 p 1

[Text] The value of domestic exports increased by 33 percent to \$14 billion in January from a year earlier, the Census and Statistics Department reported yesterday. The value of re-exports rose 40 percent to \$12 billion. Total exports thus rose 36 percent to \$26 billion in January. Total merchandise trade rose 31 percent in January from a year earlier to \$49.6 billion. Figures released earlier this week show that total exports grew 16 percent in volume in January from a year earlier, while imports grew 14 percent.

Yesterday's figures show that exports to the Netherlands rose 95 percent in January, exports to Japan rose 80 percent, and exports to West Germany rose 57 percent.

But domestic exports to the United States, the territory's largest market, rose just 17 percent, and domestic exports to Australia fell six percent.

Some areas where Hong Kong did particularly well exporting to the United States included musical instruments (up 28 percent) and telecommunications and sound recording equipment (up 58 percent).

Hardest hit were exports of office machines and automatic data processing equipment (down four percent) and power generating equipment (down 21 percent).

Re-exports to the United States fared better, rising 69 percent. Re-exports of clothing rose 74 percent, as did re-exports of toys and games. Re-exports of handbags and travel goods rose 78 percent.

Domestic exports to China rose 48 percent in January. Exports to the mainland of textiles rose 72 percent, and exports of telecommunications and sound recording equipment rose 74 percent. Re-exports to the mainland rose 37 percent. Re-exports of office machines and automatic data processing equipment increased a whopping 335 percent, and re-exports of photographic equipment, optical goods, watches and clocks rose 146 percent. Re-exports of textiles rose 26 percent.

Imports from China increased by 34 percent in January, while imports from Japan increased by 14 percent. Imports from Taiwan rose 44 percent, while re-exports to Taiwan rose 33 percent.

For the 12 months ending January, domestic exports rose 22 percent to \$157.5 billion from a year earlier, while re-exports, at \$126 billion, were 20 percent higher.

The value of the territory's total exports increased by 21 percent during the same period, while imports rose 21 percent to \$280.7 billion.

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